

**20<sup>th</sup> August, 2020**

**BSE Limited  
25, P.J. Tower,  
Dalal Street,  
Mumbai-400001**

**Scrip Code: 511742**

**Sub: Annual Report for the FY 2019-20 and Notice of 27<sup>th</sup> Annual General Meeting**

Dear Sir/ Madam,

Pursuant to Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has sent today, i.e. 20<sup>th</sup> August, 2020, soft copy of the notice of the 27<sup>th</sup> Annual General Meeting along with Annual Report for the financial year 2019-20 via email to those members who have registered their email addresses with the Company/Depositories.

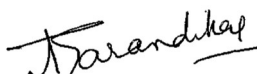
Accordingly, please find enclosed herewith the Annual Report for the financial year 2019-20 along with the Notice of 27<sup>th</sup> Annual General Meeting of the Company, scheduled to be held on Friday, September 18, 2020 at 11.00 a.m. (IST) through Video Conferencing/ Other Audio Visual Means, which is being sent through electronic mode to the Members.

Notice of 27<sup>th</sup> Annual General Meeting and Annual Report for the financial year 2019-2020 are also available on the website of the Company, i.e. [www.ugrocapital.com](http://www.ugrocapital.com)

Request you to take the above on your records.

Thanking You.

**For UGRO Capital Limited**

A handwritten signature in black ink, appearing to read 'Aniket Karandikar', with a horizontal line underneath.

**Aniket Karandikar  
Company Secretary**

Enc: a/a

**UGRO CAPITAL LIMITED**

(Formerly known as Chokhani Securities Limited)

**Registered Office Address:** Equinox Business Park, Tower 3, 4th Floor, LBS Road, Kurla (West), Mumbai - 400070

**CIN:** L67120MH1993PLC070739

**Telephone:** +91 22 48918686 | **E-mail:** yougrow@ugrocapital.com | **Website:** www.ugrocapital.com

FINANCIAL INCLUSION FINANCIAL INCLUSION FINANCIAL INCLUSION

# FINANCIAL INCLUSION

Empowering Indian Small Businesses by Solving the Nation's USD 300 Billion MSME Credit Gap



Annual Report 2019-20

# CORPORATE INFORMATION

## Board of Directors

Mr. Shachindra Nath – *Executive Chairman & Managing Director*  
Mr. Abhijit Ghosh – *Wholetime Director & CEO*  
Mr. Abhijit Sen – *Independent Director*  
Mr. Amit Gupta – *Non-Executive Director*  
Mr. Chetan Gupta – *Non-Executive Director*  
Mr. Kanak Kapur – *Non-Executive Director*  
Mr. Karuppasamy Singam – *Independent Director*  
Mr. Manoj Kumar Sehrawat – *Non-Executive Director*  
Mr. Navin Kumar Maini – *Independent Director*  
Mr. Navin Puri – *Independent Director*  
Mr. Rajeev Kumar Agarwal – *Independent Director*  
Ms. Ranjana Agarwal – *Independent Director*  
Mr. Satyananda Mishra – *Independent Director*

## Management Team

Mr. Abhijit Ghosh – *Wholetime Director & CEO*  
Mr. Anuj Pandey – *Chief Operating Officer*  
Mr. Manish Agarwal – *Chief Risk Officer*  
Mr. Kalpeshkumar Ojha – *Chief Financial Officer*  
Mr. J. Sathiyayan – *Chief Business Officer*  
Mr. Sunil Lotke – *Chief Officer – Legal, Compliance & Secretarial*  
Mr. Sandeep Kakar – *Chief Growth Officer*  
Ms. Rajni Khurana – *Chief Human Resource Officer*

## Company Secretary

Mr. Aniket Karandikar

## Audit Committee

Mr. Abhijit Sen – *Chairman*  
Mr. Amit Gupta  
Mr. Karuppasamy Singam  
Mr. Navin Kumar Maini  
Mr. Rajeev Agarwal  
Ms. Ranjana Agarwal  
Mr. Satyananda Mishra  
Mr. Shachindra Nath

## Nomination and Remuneration Committee

Ms. Ranjana Agarwal – *Chairwoman*  
Mr. Abhijit Sen  
Mr. Amit Gupta  
Mr. Chetan Gupta  
Mr. Manoj Sehrawat  
Mr. Navin Kumar Maini  
Mr. Rajeev Agarwal  
Mr. Shachindra Nath

## Stakeholders Relationship Committee

Mr. Rajeev Agarwal – *Chairman*  
Mr. Abhijit Ghosh  
Mr. Karuppasamy Singam

## Corporate Social Responsibility Committee

Mr. Satyananda Mishra – *Chairman*  
Mr. Navin Kumar Maini  
Ms. Ranjana Agarwal  
Mr. Shachindra Nath

## Risk Management Committee

Mr. Navin Kumar Maini – *Chairman*  
Mr. Abhijit Ghosh  
Mr. Abhijit Sen  
Mr. Amit Gupta  
Mr. Chetan Gupta  
Mr. Karuppasamy Singam  
Mr. Manoj Kumar Sehrawat  
Ms. Ranjana Agarwal  
Mr. Satyananda Mishra  
Mr. Shachindra Nath

## Asset Liability Committee

Mr. Shachindra Nath – *Chairman*  
Mr. Abhijit Ghosh  
Mr. Abhijit Sen  
Mr. Amit Gupta  
Ms. Ranjana Agarwal  
Mr. Rajeev Kumar Agarwal  
Mr. Satyananda Mishra  
Mr. Chetan Gupta

## Registered Office

Equinox Business Park, Tower 3, 4th Floor,  
LBS Road, Kurla (W), Mumbai – 400 070

## Registrar and Share Transfer Agents

Link Intime India Private Limited  
C 101, 247 Park, L B S Marg, Vikhroli (W),  
Mumbai – 400 083  
Tel: +91 22 49186000 | Fax: +91 22 49186060

# CONTENTS

## Bankers

AU Small Finance Bank  
 Axis Bank  
 Bank of Baroda  
 ESAF Small Finance Bank  
 HDFC Bank  
 HSBC Bank  
 ICICI Bank  
 IndusInd Bank  
 Kotak Mahindra Bank  
 Qatar National Bank  
 RBL Bank  
 State Bank of India  
 Utkarsh Small Finance Bank

## Statutory Auditors

Deloitte Haskins & Sells LLP  
 Indiabulls Finance Centre  
 Tower 3, 24th / 25th / 26th / 27th–32nd Floor  
 Senapati Bapat Marg, Elphinstone Road (W)  
 Mumbai, Maharashtra  
 India, 400013  
 Tel: 022 6185 4000

## Internal Auditors

PricewaterhouseCoopers Private Limited  
 252 Veer Savarkar Marg, Next to Mayor's  
 Bungalow, Shivaji Park, Dadar,  
 Mumbai 400 028  
 Tel: 022 66691500

## Debenture Trustee

Beacon Trusteeship Limited  
 4C, Siddhivinayak Chambers,  
 Gandhi Margar, Opposite MIG Cricket Club,  
 Bandra (E), Mumbai- 400051  
 Tel: 022-26558759

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# FINCLUSION

**Financial inclusion is defined as the availability of access to a range of financial services. In other words, Financial Inclusion ensures access to affordable and useful financial products and services needed by all sections of society, particularly the economically disadvantaged. One of the most important facets of this is availability and affordability of formal credit, which allows the impoverished to beat the 'poverty trap' by starting their own small businesses.**

It is essential to understand that even though India is one of the fastest growing economies in the world, the availability of affordable financial products and services are significantly lower than in other fast-growing economies. The wealth inequality in India makes financial inclusion a critical social governance tool. The share of national income accruing to India's top 1% of earners is about 22%, while the share of top 10% is 56%. These numbers clearly indicate a vast chasm between the 'haves' and 'have-nots'. This presents a social challenge as mobility across income and wealth brackets is greatly diminished.

The Micro, Small and Medium Enterprises (MSME) sector counteracts this by playing a significant role in fostering entrepreneurial talent and distribution of income and wealth at grassroots levels. It contributes immensely to manufacturing output, exports, generation of employment and gross domestic product. Today, the MSME sector in India employs over

111 Million people, contributing to the growth engine of the economy, and is projected to generate employment for over 150 Million people by 2024.

The Government of India has been making efforts to promote financial inclusion as one of its most important national objectives, with the fundamental objective being to reach large sections of the hitherto financially excluded Indian population. Schemes like the Pradhan Mantri Jan Dhan Yojana (PMJDY), credited as one of the biggest financial inclusion initiatives in the world, ensures access to a range of financial services such as savings accounts, need based credit, remittance facilities, insurance and pensions. The revolutionary advent of digitalisation in financial services has created a huge opportunity for fintech platforms. The fact that 370 Million mobile users exist in India has been a key lever.

However, the most significant challenge to the MSME segment has been the lack of sufficient formal credit due to

difficulty in underwriting loans as a result of the lack of reliable data, the diversified nature of cash-flows, the fragmented nature of these SMEs, and high customer acquisition costs. Because of this, banks and traditional NBFCs do not adequately cater to this market, resulting in most SMEs having difficult formal borrowing experiences and thus having to resort to informal sources of financing.

**Now, with over 60 Million Micro, Small and Medium Enterprises (MSME) in India, that contribute to about 30% to India's GDP, only 16% of these have access to formal credit facilities, representing a USD 300 Billion credit gap. U GRO was conceived with the primary intention of addressing this formal credit gap for SMEs.**

Source: World Inequality Report, FICCI Report, IFC Report

U GRO Capital has been making concerted efforts to empower the Indian Small Business Ecosystem and bridge the social and financial gaps in India's populace, by creating a highly specialized, technology-enabled small business lending platform for predetermined focus sectors. We believe the problem can only be solved by an in-depth understanding of the specific sectors and sub-sectors that these SMEs operate in, combined with cutting-edge analytics driven underwriting. U GRO Capital has utilized a high specificity of underwriting across each of its specialized sectors to cater to the precise financing needs of each borrower.

The MSME sectors shortlisted by U GRO provide employment for over 40 Million people in India and is expected to grow to 55 Million people by 2024, also providing significant employment opportunities in rural India. Today U GRO Capital has empowered over 7,754 SME companies by lending over INR 1,366 Crores to a range of sectors including schools and hospitals within its first year of operations.

U GRO Capital aims to create a highly specialised and focused NBFC, driven by analytics to take advantage of India's digitisation and fintech revolution. The company has launched a comprehensive suite of lending platforms to maximise the lending outreach within the SME sector focused universe.

The contribution of women entrepreneurs cannot be ignored in the MSME sector. Around 24% of the SME workforce comprises of women, yet female ownership of small and medium sized companies stands at only 5.3% and 2.7% respectively. With this in mind, U GRO Capital launched a special scheme called 'Narayani', providing capital access to women entrepreneurs' businesses in order to propagate gender inclusiveness in SME Financing. Narayani offers unique benefits like lower interest rates, longer repayment tenures, zero processing fees and removes the requirement for third party guarantees.




*U GRO's mission is to 'Solve the Unsolved' – India's USD 300B Small Business Credit Availability Problem.*

With a goal to redefine the SME lending industry by providing customised credit solutions to small businesses, U GRO believes that the future of SMEs can be transformed by bridging the massive funding gap holding back their growth potentials.

# OUR FOUNDATION

U GRO Capital was incorporated as Chokhani Securities Ltd in 1993 and subsequently listed on the BSE in 1995. Mr. Shachindra Nath, the Executive Chairman and Managing Director, acquired the Company in July 2018, and the company was subsequently renamed and recapitalized as U GRO Capital Limited.



**With an aim to create a highly specialized, technology-enabled, small business lending platform, the foundation of U GRO Capital has been set with three core pillars - Knowledge, Technology, and Governance.**

## Knowledge

U GRO Capital believes that the problem of small businesses can be solved by building an in-depth expertise around core sectors of SMEs in India coupled with a data-centric, technology-enabled approach. Keeping this in mind, the company shortlisted 8 sectors after careful filtration of 180+ sectors in an 18-month process involving extensive study of macro and microeconomic parameters carried out alongside market experts like CRISIL. Our eight shortlisted sectors include Healthcare, Education, Chemicals, Food Processing/FMCG, Hospitality, Electrical Equipment and Components, Auto Components and Light Engineering. The company further narrowed down on selected sub-sectors based on contribution to overall sector credit demand and risk profiling.

## Technology

U GRO Capital integrates business intelligence with technology to create granular and insightful loan products for each sub-sector. Statistical predictive modelling is used to prognosticate the customer's credit behaviour; derived from various financial and non-financial sources to fully quantify the parameters of the ecosystem the customer operates in. Technology underpins every aspect of U GRO's lending process, from API integrations, sectoral statistical scorecards, sub-sectoral expert scorecards, state-of-the-art bank, bureau and GST statement

analysers, automated policy approvals, and machine learning OCR technology. All of this culminates in the delivery of an industry-first 60 minute in-principle decisioning process to the customer based on complex cash flow modelling. However, the technology backed lending process does not disregard traditional methods that have been historically successful in this space. U GRO Capital ensures that all the traditional checks and balances are adhered to, ensuring a high-quality book for posterity.

## Governance

Creating an institution that is built to last requires strong corporate governance standards. Keeping that in mind, U GRO was founded with the philosophy of being institution owned, board controlled and management run. U GRO Capital's Board is majorly independent and comprises of financial industry luminaries who ensure the Company has amongst the highest standards of governance in the lending space. The Governance standards are further strengthened by strong policies and processes enshrined in the Articles of Association. U GRO Capital has also opted to be a listed entity from day one, which demands a higher degree of regulatory oversight and transparency.

With these founding tenets in place, U GRO Capital closed one of the largest fund-raises for a start-up in India, raising around INR 920 Crores from a diverse and marquee base of investors as it embarked on the stated mission of solving India's MSME credit gap.

*Well begun is half done!*  
— Aristotle



# U GRO TODAY

165  
Employees



Marquee  
Investors

9

Branches serving 200+  
Cities and Towns



27  
BFSI Partners



26  
Ecosystem  
Partners



355  
GRO Partners

4

Co-origination  
Partners



INR 861 Crores  
AUM



INR 1,366 Crores  
Disbursements



7,764  
Customers

69%  
Secured Portfolio



Profitable  
in the First Year  
of Operations  
INR 19.5 Crores  
of profit

# BOARD OF DIRECTORS



**Shachindra Nath**  
*Executive Chairman & Managing Director*

Mr. Shachindra Nath has over two decades of experience building and scaling large financial institutions. He was formerly the Group Chief Executive Officer of Religare, where he successfully led the IPO process and established multiple successful business lines. U GRO Capital marks the start of his entrepreneurial journey, and he aspires to build an institution that will provide long-term value to society. He is a qualified lawyer from Banaras Hindu University.



**Abhijit Ghosh**  
*Whole Time Director & CEO*

Mr. Abhijit Ghosh brings more than two decades of experience from his key roles across Banking & Financial Services, Consumer Appliances, Hospitality, Telecom & Healthcare. Prior to coming aboard, Abhijit served as the President and Chief Business Officer at Religare Finvest Limited. He is a Science Graduate from the University of Calcutta and an alumnus of Kellogg Executive Education & XLRI Jamshedpur.



**Abhijit Sen**  
*Independent Director*

Mr. Abhijit Sen has spent 18 years at Citibank, where he was previously Chief Financial Officer – Indian Subcontinent. He is currently an External Advisor for the BFSI sector at E&Y. He also serves on several Boards including IndiaFirst Life Insurance and Ujjivan Small Finance Bank. He has a B. Tech (Hons) degree from the Indian Institute of Technology, Kharagpur and a PGDM from the Indian Institute of Management, Calcutta.



**Amit Gupta**  
*Non-Executive Director*

Mr. Amit Gupta is the founding Partner of NewQuest Capital Partners and oversees the firm's India and Southeast Asia business as well as investments in the financial services and power sectors across the region. He has an PGDM from the Indian Institute of Management (IIM), Bengaluru, and an undergraduate degree in electrical engineering from REC Kurukshetra.



**Chetan Gupta**  
*Non-Executive Director*

Mr. Chetan Gupta is a Managing Director at Samena Capital Investments Limited in Dubai, focusing on investments within the Special Situations Funds. He holds a Master's in Management (Finance) from the University of Mumbai.



**Kanak Kapur**  
*Non-Executive Director*

Mr. Kanak Kapur is a Partner and Portfolio Manager at PAG in the Absolute Returns Group. He started his career in finance at JP Morgan Chase in New York after completing his MBA from NYU Stern School of Business.



**Manoj Sehrawat**  
*Non-Executive Director*

Mr. Manoj Sehrawat currently serves as a Partner at ADV Partners. Manoj is a Chartered Accountant from Institute of Chartered Accountants of India and has a Bachelor's Degree in Commerce from Delhi University.



**Navin Kumar Mani**  
*Independent Director*

Mr. Navin Kumar Maini is an expert in Development Banking, MSME lending, and General Management and has more than 38 years of work experience across prestigious dispersed organizations including, SIDBI, UCO Bank and IDBI Bank.



**Navin Puri**  
*Independent Director*

Mr. Navin Puri brings with him over three decades of expertise in the Banking and Financial services spanning HDFC Bank and ANZ Grindlays Bank, culminating in a role as HDFC Bank's Country Head of Branch Banking. He has a Master of Business Administrations (TCU), Chartered Accountant (ICAI), Bachelor of Commerce, (St. Xavier's College, Calcutta) and ISC from Mayo College Ajmer.



**Rajeev Kumar Agarwal**  
*Independent Director*

Mr. Rajeev Agarwal has nearly three decades of experience in the Indian financial services sector and has worked with some highly reputed organizations such as the Securities and Exchange Board of India, Forward Markets Commission, and Indian Revenue Service. He is an alumnus of The Indian Revenue Service (Batch of 1983) and the Indian Institute of Technology, Roorkee with a Bachelors in Technology.



**Ranjana Agarwal**  
*Independent Director*

Ms. Ranjana Agarwal is serving as an Independent Director at RBL Bank and KDDL Limited and continues to be an Independent Director of ICRA Limited. Ranjana is a Fellow Member of the Institute of Chartered Accountants of India and holds a Bachelor of Economics (Hons.) degree.



**S Karuppasamy**  
*Independent Director*

Mr. S Karuppasamy has served as the Executive Director of Reserve Bank of India and as the RBI Nominee Director at Indian Bank. He is a graduate in Economics, a Certified Associate of Indian Institute of Bankers, with a Post Graduate Diploma in Bank Management (NIBM).



**Satyananda Mishra**  
*Independent Director*

Mr. Satyananda Mishra is the former Chief Information Commissioner of India and has a diverse and exemplary career of more than 40 Years in the Indian Administrative Services. He served as the Director of Small Industries Development Bank of India until 2018 and was the Chairman and Non-Executive Independent Director of the Multi Commodity Exchange of India Limited.



# KEY MANAGEMENT TEAM



**Abhijit Ghosh**

*Whole Time Director & CEO*

Abhijit is a passionate and visionary leader who brings more than two decades of experience to the company from his key roles across Banking & Financial Services, Consumer Appliances, Hospitality, Telecom & Healthcare. Prior to being a founding member at U GRO Capital, Abhijit served as the President and Chief Business Officer at Religare Finvest Limited. He has also worked at ABN Amro, Future Capital and ICICI Bank.

**Anuj Pandey**

*Chief Operating Officer*

Anuj is a founding team member who leads the Product, Strategy, Marketing, Technology, Analytics and Process functions at U GRO. Anuj brings 20 years of experience across firms such as Barclays Bank, ABN AMRO Bank, GSK Consumer & Religare Finvest. Anuj holds a Bachelor's degree in Engineering (Mechanical) from Thapar University & PGDM from IIM Lucknow.



**Manish Agarwal**

*Chief Risk Officer*

Manish is a member of The Institute of Chartered Accountants India, The Institute of Company Secretaries of India, and the Institute of Cost and Works Accountants of India. He has previously held roles including Chief Credit Officer at YES Bank and Head of Policy for Retail, Agri and SME at ICICI Bank.



**Kalpeshkumar Ojha**

*Chief Financial Officer*

Kalpesh specializes in treasury and raising liability, particularly in NBFC and Housing finance companies. He has worked at several major companies in this space, including Shriram Transport Finance, Cholamandalam and Reliance Capital. Kalpesh is a qualified CA, CMA, and holds a Master's degree from Jamnalal Bajaj Institute of Management Studies.





**J. Sathiyayan**  
*Chief Business Officer*

Sathiyayan is a finance and banking professional who brings over two decades of experience in the domains of SME and Business Finance, Retail Liabilities and Assets, Third Party Products Distribution and other financial services at Religare Finvest and ABN Amro.

**Sunil Lotke**

*Chief Officer - Legal, Compliance & Secretarial*

Sunil holds 17 years of rich experience in Legal, Compliance and Corporate Secretarial affairs with specializations in Financial Services Legislations, Capital Market transactions, Corporate Restructuring, and Securities Regulations. Prior to U GRO Capital, Sunil had held positions in InCred Financial Services, IIFL Group and StarAgri Finance, among others. Sunil is a member of the Institute of Company Secretaries of India, and a law graduate from Mumbai University.



**Sandeep Kakar**  
*Chief Growth Officer*

Sandeep holds more than two decades of experience in the financial services industry spanning Wholesale Banking and Commercial Banking in Private Sector and Multinational Banks. He started his career with IDBI Bank, and prior to coming aboard U GRO, he was the Head of Supply Chain Finance and Corporate Finance at Aditya Birla Finance Limited. Sandeep is a CFA from NMIMS.

**Rajni Khurana**

*Chief Human Resources Officer*

Rajni is a Human Resources Professional with over 18 years of diverse experience in Global Human Resources Management, Performance Management and Talent Development Partnership predominantly in ITES and Financial Services. Prior to joining U GRO, she was Director – Human Resources at CRISIL Limited.



# OUR BUSINESS MODEL

## Branch Led Channel

- Nine branches distributed across India's key SME clusters, selected through cluster analysis
- 355 GRO Partners integrated on our proprietary productivity boosting GRO-Plus app

## Ecosystem Led Channel

- Partnerships with Anchors to lend to suppliers and dealers/distributors in their ecosystems
- 26 marquee partnerships with systematically important Anchors within our sectors

## Asset Strategy

- Partnerships with smaller, specialized NBFCs to co-lend microenterprise loans in Tier 2 & 3 cities
- GRO-Xstream, a marketplace for our BFSI partners, is designed to facilitate various transaction types

## BFSI Led Channel

- Proprietary digital lending platform for direct loan applications, supplemented by pre-qualified leads
- Partnerships with leading Indian fintechs to originate ME loans using alternative parameters

## Direct to Customer Channel



## Traditional Balance Sheet

- Lending using liability raised from financing partners including leading banks and financial institutions
- U GRO's liability-centric asset strategy and early long term debt rating of 'A', facilitate liability raises

## Co-origination

- Partnerships with India's largest and most trusted banks to obtain quasi-liability at an attractive cost of debt
- Value accretive model where U GRO earns fee income and is able to cater to varying risk classes



## Liability Strategy

- Securitization of portions of the loan portfolio to be purchased by mutual funds, banks and insurance firms
- Selling down allows U GRO to minimize long-term asset-liability mismatches while maximizing liquidity

## Assignment

- Providing a channel for impact financing to DFIs in key sectors such as healthcare and energy
- Extant programs such as 'Narayani' and solar financing align with the Sustainable Development Goals of DFIs

## Specialized Programs with DFIs

# OUR FOCUS SECTORS

## Healthcare

- FY17 Market Size: **INR 6.2 Trillion**, FY21P Estimated Market Size: **INR 10.3 Trillion** → Projected **14% CAGR**
- SME employees in sector: **~9 Million**
- **India has significant healthcare shortfalls**, e.g. 0.7 hospital beds per 1000 compared to the global average of 2.7 – closing this gap will lead to greater **accessibility of healthcare**



## Chemicals

- FY17 Market Size: **INR 4.6 Trillion**, FY21P Estimated Market Size: **INR 7 Trillion** → Projected **11% CAGR**
- SME employees in sector: **~2 Million**
- Chemicals are of critical importance to India's burgeoning **recycling industries** – a must for a country which produces **4.5 Million tons of plastic waste per year**



## Food Processing/FMCG

- FY17 Market Size: **INR 9.4 Trillion**, FY21P Estimated Market Size: **INR 15 Trillion** → Projected **12% CAGR**
- SME employees in sector: **~15 Million**
- FMCG SMEs are investing heavily in distribution models that cater to rural India, where citizens are now increasingly getting access to a variety of products. **45% of FMCG revenue comes from rural areas**, and is critical for the livelihood of millions of Indian farmers



## Hospitality

- FY17 Market Size: **INR 5.9 Trillion**, FY21P Estimated Market Size: **INR 9 Trillion** → Projected **11% CAGR**
- SME employees in sector: **~16 Million**
- Hospitality and tourism combine for **41.6 Million jobs** overall – **equivalent to 8%** of all employment opportunities in the country. Hospitality also accounts for a high proportion of **entry level roles for unskilled labor**

## Electrical Equipment and Components

- FY17 Market Size: **INR 1.7 Trillion**, FY21P Estimated Market Size: **INR 2.3 Trillion** → Projected **8% CAGR**
- SME employees in sector: **~1 Million**
- Significant investments have been made in **Renewables**. If the Electrical Components industry can't keep pace, the capital employed will not be as effective in changing India's **energy profile to a greener one**

## Light Engineering

- FY17 Market Size: **INR 1.4 Trillion**, FY21P Estimated Market Size: **INR 2 Trillion** → Projected **8% CAGR**
- SME employees in sector: **~1.5 Million**
- Light engineering is a sector that **enables other sectors** – it is key towards **propagating overall Indian industrial growth**

## Education

- FY17 Market Size: **INR 7.2 Trillion**, FY21P Estimated Market Size: **INR 13T** → Projected **16% CAGR**
- SME employees in sector: **~13 Million**
- Education infrastructure in India is inadequate, with the **secondary school enrollment rate at only 54% and 37% of schools not having toilet facilities**

## Auto Components

- FY17 Market Size: **INR 3.2 Trillion**, FY21P Estimated Market Size: **INR 5 Trillion** → Projected **12% CAGR**
- SME employees in sector: **~1 Million**
- Funding in the auto components space directly contributes to **clean vehicle initiatives** – moving India towards **a greener future**



# UNDERWRITING

One of the most significant challenges facing small business lenders lies in how to underwrite small businesses. Each business model is unique with highly differentiated cash flows; and the majority of small businesses have insufficient data and documentation to qualify for bank financing. U GRO was founded with the belief that credit underwriting needs to be dictated by granular knowledge of business models

in each of our chosen sectors and sub-sectors, in order to gain a 360° view on each customer's repayment ability. Veracity of underwriting needs to be married with decisioning speed to meet the needs of our customers. To this end, we have leveraged layers of ground-breaking data analytics and technology to achieve a first of its kind in-principle decisioning within 60 minutes. U GRO's sectoral statistical

scorecards have made it possible to maintain a high-quality book by ensuring accuracy and consistency across the lending framework. Our statistical scorecards leverage a wide array of parameters, based on the sector and sub-sector of the customer in question, providing us with an initial indicative figure as to their respective probability of default.

U GRO Capital's statistical scorecards allow for the stratification of the prospective customer pool into ten bands by probability of default while incorporating the effects of geography, sector and customer size. All of the statistical scorecards have demonstrated the ability to remove 80% of 'bads,' simply from the removal of the bottom two deciles of prospective customers.



The average default rate across our chosen sectors is approximately 0.85%; eliminating the bottom 20% using our statistical scorecards reduced this to a mere 0.3%. The scorecards were developed through the Big Data analysis of more than 8 Million small business borrower profiles and are re-calibrated at designated intervals to maintain their accuracy.

U GRO Capital also created the industry-first 'Expert scorecards', designed to templatzize the personal discussion process and focus on the most salient operational and financial parameters. These expert scorecards allow U GRO Capital's underwriting to be highly specialized while maintaining standardization of the credit process across its branches.

All processes in the underwriting process until in-principle decisioning are fully automated. In addition to the scorecards and the policy statements, the underwriting process also follows the traditional 'touch and feel' based checking processes including legal verification, fraud control unit (FCU) check, field investigation and valuation. This is done by a combination of internal

teams and outsourced agencies to ensure the sanctity of the loan portfolio is maintained.

Each sector exposure is capped at 20% to minimize the concentration risks and the effects thereof. A monthly and quarterly consultation with CRISIL market experts provides an insight as far as our sectoral knowledge base and future action plan is concerned.

## Moving beyond conventional products offered by most NBFCs in the market...



### Secured Loans

Mostly long tenor, loan against property



### Unsecured Loans

Short term working capital loans



### Supply Chain Financing

30-90 day loans against invoices



### Machinery Loans

Medium term, hypothecation of machinery financed



### Micro Enterprise Loans

Small Ticket secured and unsecured loans

## OUR PRODUCT PHILOSOPHY



Collateral



Assessment Parameters



Tenor



Loan Structuring



Pricing

To create sub-sector specific products by modulating the following attributes to meet customer requirements...

# DISTRIBUTION CHANNELS

U GRO's Distribution Channels are Built With the End Goal of Financial Inclusion

## Traditional Channel

- **Industry leading turnaround times**, including 60 minutes for in-principle approval, mean that SMEs get much faster access to credit – a great **boon in turbulent times**
- Intermediated channels at other firms typically only provide loans to those SMEs which can put up **property as collateral** – not the case at U GRO due to our **alternative assessments**

## Ecosystem Channel

- Our Ecosystem channel leverages our industry-specific '**Anchor**' **partnerships**, each of which adds a pool of potential lendees.
- The Government's '**TReDS**' program provides financing of MSME trade receivables, but in practice this is **only applicable for AAA** rated dealers/distributors. U GRO can fill the demand gap by providing **supply chain financing** through our Anchors, who are **sub-AAA (but still investment grade)**
- Our proprietary Digital Lending Platform, which went live in Q3 FY20, will allow for **direct credit applications**, increasing **borrowing ease and further reducing TATs**
- The digital platform will apply the full suite of U GRO's technological innovations in order to provide **widespread credit access for Indian SMEs** – maximizing our impact on **financial inclusion**

## Direct Digital Channel

- Partnering with regional NBFCs provides a myriad of social benefits: their network allows us to provide credit to **underserved SMEs in tier 2 and tier 3 cities**, their knowledge allows us to provide **more specific credit products** etc.
- Partnering with regional NBFCs allows for us to serve the '**bottom of the pyramid**' Micro enterprises – giving these businesses the opportunity to expand and thrive.

## BFSI Partner Channel



## Four technology modules from U GRO Capital

### GRO Plus

Designed for traditional branch-led disbursement which has fully integrated every element of underwriting digitally (using all conventional parameters). The platform allows for GRO Partners (DSA network) to obtain in-principle approval within 60 minutes.

### GRO Chain

GRO Chain is an end-to-end platform for supply chain financing that will cater to ecosystem anchors, vendor borrowers and dealer/distributor borrowers.

U GRO's Direct Digital channel, a platform built to allow non-intermediated loan applications from eligible SMEs. Launched in December 2019 across two subsectors, the reach of GRO-Direct will be greatly expanded across our focus sectors in 2020.

### GRO Direct

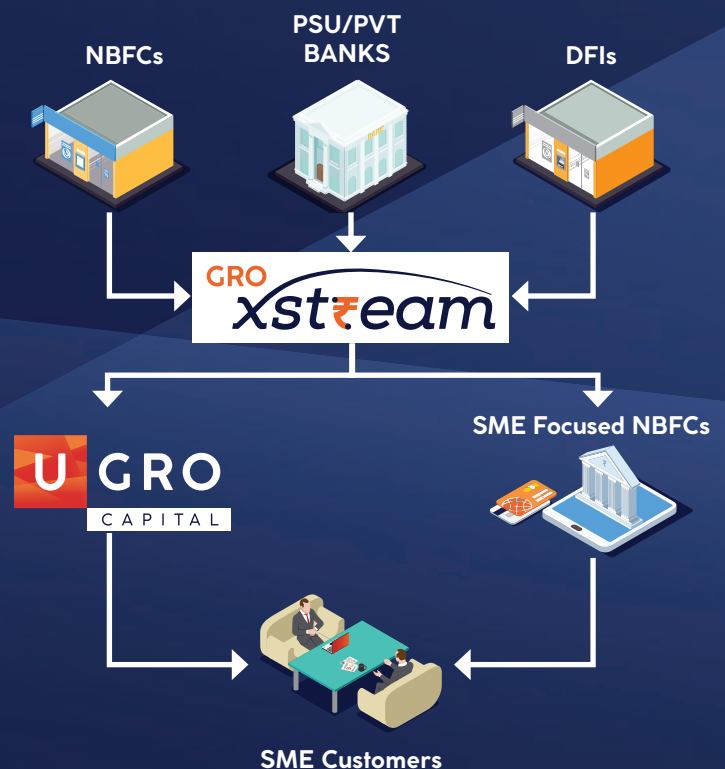
U GRO has developed a FinTech platform "GRO XStream", which is an industry-first marketplace for BFSI partners. It is designed to facilitate a wide range of transaction types between onboarded BFSIs, including co-lending, onward lending, direct assignments, portfolio buyout and securitization.

### GRO Xstream

GRO Xstream empowers banks and other large financial institutions to deepen their distribution reach and service MSMEs across India through a wide array of transactions, with either U GRO Capital directly or with our onboarded BFSI partners, facilitated by this first-of-its-kind platform.

U GRO's proprietary co-lending technology platform combines its deep sectoral expertise with the partner bank's vast experience and large capital base, resulting in increased availability of liquidity to growth-focused SMEs both in metros and tier-level cities.

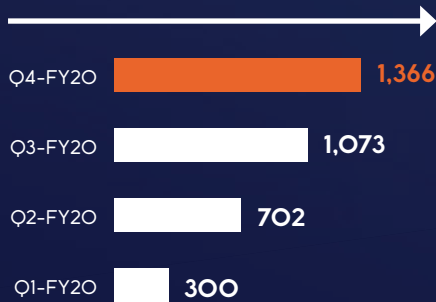
U GRO Capital has formed marquee partnerships with upstream as well as downstream BFSI partners that are to be integrated on GRO Xstream. These partners include leading banks such as State Bank of India, Bank of Baroda, ICICI Bank and Kotak Mahindra Bank as well as over 25 smaller NBFCs.



# PORTFOLIO COMPOSITION

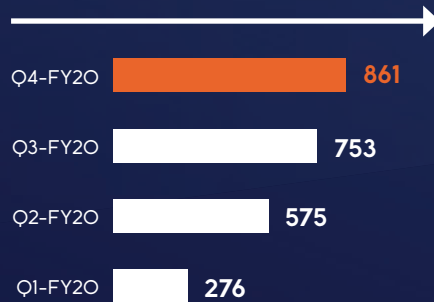
## Cumulative Disbursals

(INR Crores)

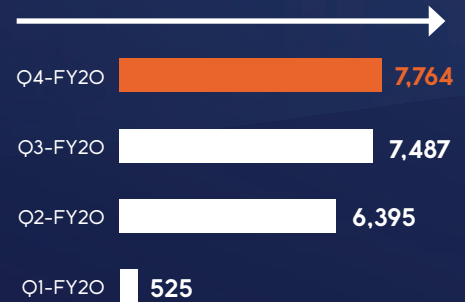


## AUM

(INR Crores)



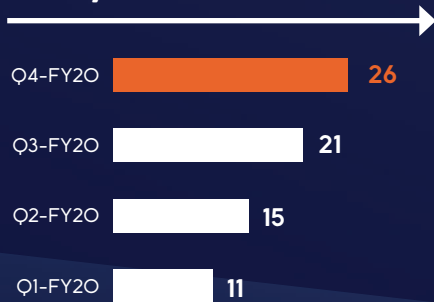
## Number of Customers



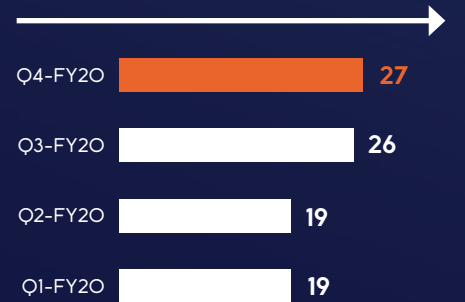
## GRO Partners



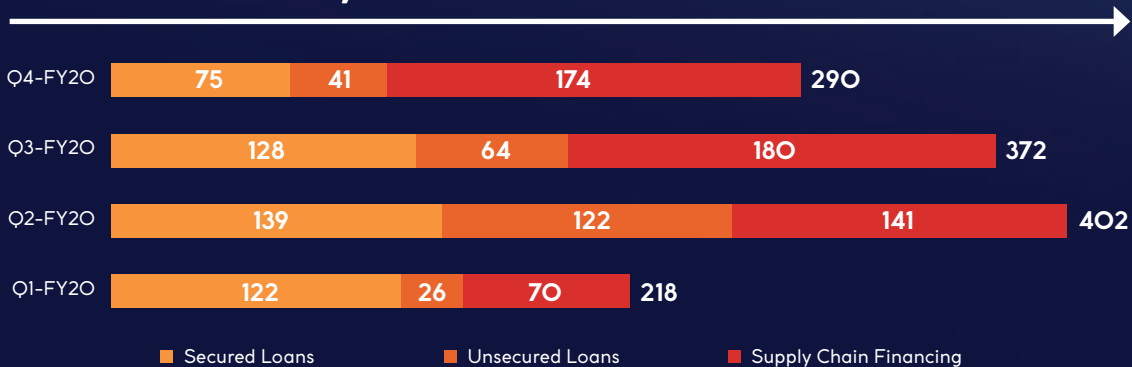
## Ecosystem Partners



## BFSI Partners



## Disbursal Summary (INR Crores)



■ Secured Loans

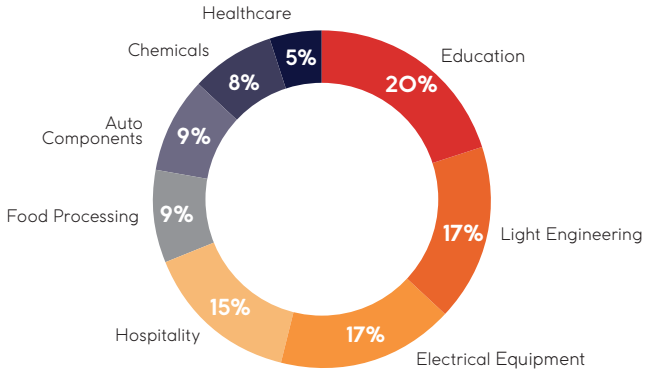
■ Unsecured Loans

■ Supply Chain Financing

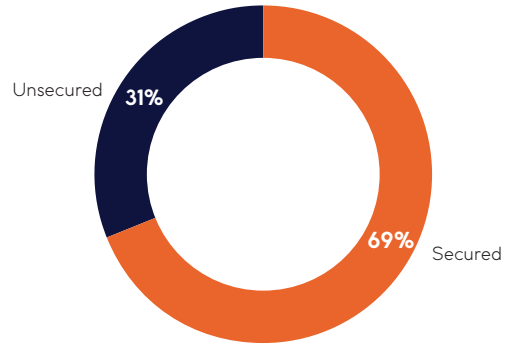
	Secured Loans	Unsecured Loans	Supply Chain Financing	Microenterprise Loans	Overall
AUM	INR 391 Crores	INR 227 Crores	INR 187 Crores	INR 56 Crores	INR 861 Crores
Average Ticket Size	INR 222.1 lakhs	INR 17.9 lakhs	INR 105.6 lakhs	INR 0.9 lakhs	INR 11.1 lakhs
Average Yield	11.7%	18.9%	13.3%	15.7%	14.3%

**Focus on high risk thresholds and building a secure, granular and high-quality book**

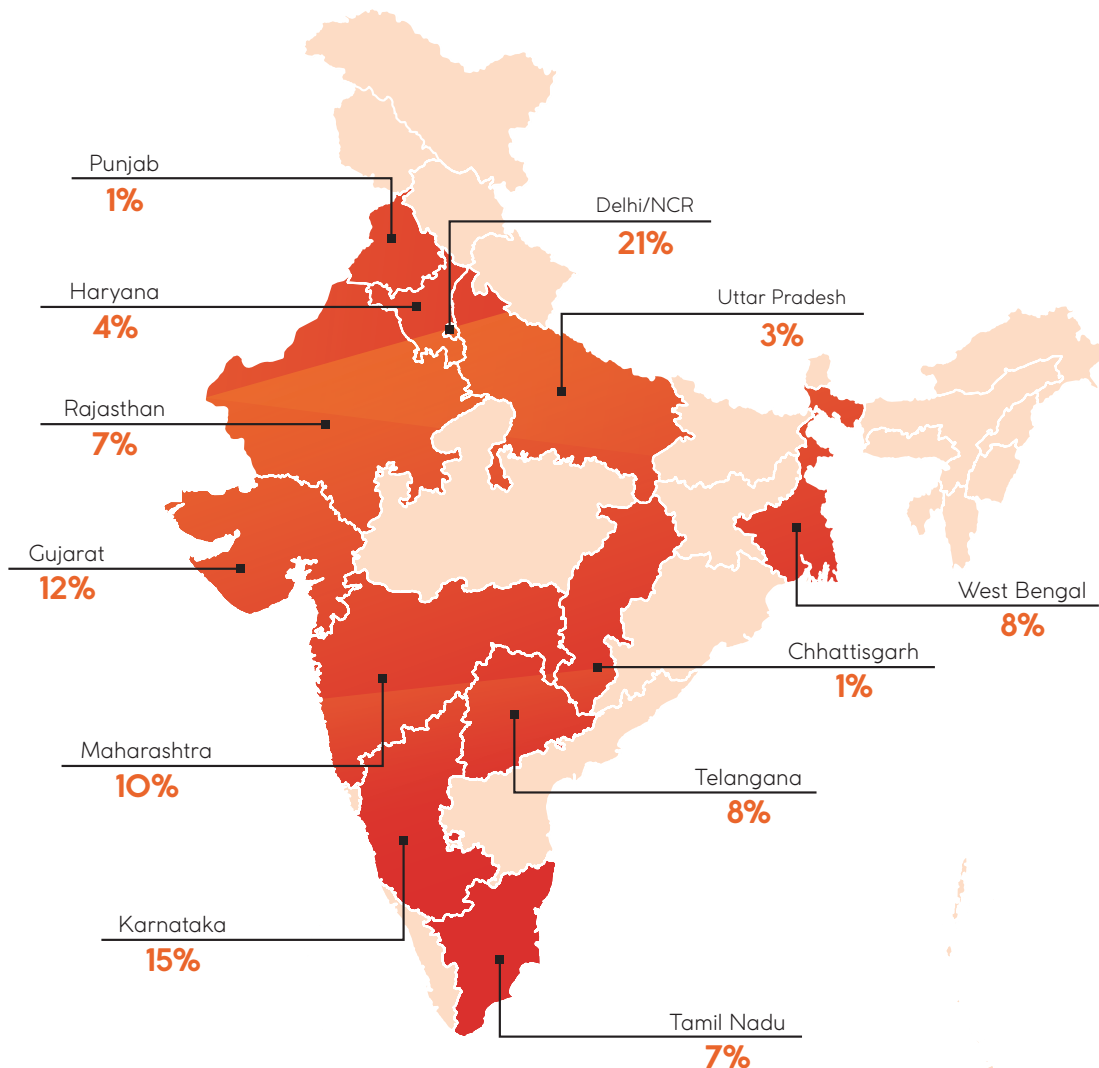
### Sectoral Mix\*



### Secured Mix



### Geographical Mix\*



\*Includes Traditional, Ecosystem and Digital Channels



# CHAIRMAN'S SPEECH

Dear Shareholders,



**It gives me great pride and honour to inform you, that together, we have built something that has been previously unheard of: A large scale enterprise, in a short time frame that not only survived, but strived in what was one of the most challenging years the financial world has seen since the global financial crisis of 2008.**

Let me begin by expressing my deepest gratitude towards you, our shareholders, for your continued confidence, support and faith in our company, especially in such testing times.

We began our journey only a couple years ago with a simple mission of 'Solving the Unsolved' - the USD 300 Billion Small Business Credit Need in India. With this ideology, we raised

around INR 920 Crores of capital from a diversified set of marquee investors. It gives me great pride and honour to inform you, that together, we have built something that has been previously unheard of: A large scale enterprise, in a short time frame that not only survived, but strived in what was one of the most challenging years the financial world has seen since the global financial crisis of 2008.

The Micro, Small and Medium Enterprises (MSME) sector contributes significantly to the economic and social development of our country by fostering entrepreneurial spirit and self-employment. The nation's magnificent vision of becoming a five Trillion-dollar economy by 2024-25 largely rests on the shoulders of MSME growth. The SME sector's contribution to India's GDP stands at around 30%, whereas, in more developed economies, the share typically hovers around 45%. But even though MSMEs account for 45% of Indian Industrial output, only 16% of MSMEs actually have access to formal credit. From the available funding to MSMEs, 70% of the market is funded by informal sources like family, friends and money lenders and only 30% is funded by formal sources like debt.

At U GRO Capital we see this credit gap as a tremendous opportunity, as traditional banks don't prefer to lend to this segment due to their one-size-fits-all approach.

As SMEs are regarded as the key drivers of the Indian growth story, we firmly believe that the scenario has to change. And the key to cater to the SMEs effectively is to develop an in-depth understanding of various business models. Hence, we adopted a sector-focused lending strategy for the SMEs and after extensive studies of macro

and micro parameters, we narrowed down to 8 sectors which constitute to 50% of the SME credit demand. We got a deep understanding of the ecosystem we lend to, future prospects, lending opportunities, understanding the business & the cashflow of the companies in order to design financial products which suits the credit needs. We then integrated that knowledge with technology and through statistical analytical scorecards we created a perfect blend of fin-tech and fin-touch.

We created our technology platform which can underwrite an application and give an in-principle approval in under 60 minutes. However, we made sure that we also keep the traditional checks and balances in place to ensure the quality of our loan book is maintained. We aim to blend the robustness of traditional financial institutions with the data-driven approach of modern fintech companies to provide a unique solution to the funding needs of small businesses. We are building a new generation lending platform which would leverage digital capabilities across the value chain - customer acquisition, credit underwriting, and post-disbursal monitoring.

As we pass through these unprecedented times, I have no doubt that mankind will survive this tough period in history and come out even stronger, and India too will be back on its growth path very soon. Given our addressable credit market size, our strong foundation, and with the support of our stakeholders and hardworking employees, I'm confident that U GRO Capital will continue to strive in the coming years and in fact we see these challenging times as an opportunity to gain market share due to our relatively recent beginning and clean slate.

# CEO'S SPEECH

## Dear Shareholders,

The financial year 2019-20 was, needless to say, an eventful one. From the US-China trade war to Brexit, from the domestic slowdown in consumption to the liquidity crisis in the Banking sector, and finally with this unprecedented global COVID-19 pandemic. These events significantly impacted the global and the domestic economies, which in turn manifested major consequences for the Indian lending space.

**Our founding thesis was that in order to really address the SME market we had to build a knowledge-driven, technology-enabled lending platform. Thus, we integrated technology with the traditional lending model to create a truly unique and specialized small business lending platform.**



The need for financial inclusion has become even more evident in these challenging times. Unlike their larger counterparts, small businesses do not have the liquidity buffer needed to ride out crises such as COVID-19. Without adequate financing access, fundamentally sound businesses could go bankrupt during the lockdown – and this is the antithesis of financial inclusion. We have launched a suite of COVID-19 financing products for existing and new borrowers to ensure that strong businesses are not forced to close due to a lack of immediate liquidity.

In our quest for "FINCLUSION", we created diverse distribution channels geared towards catering to SMEs across all geographies and ticket sizes. We also constructed tailor-made products which allow for the highly structured deployment of capital as per the needs of each prospective borrower.

Our goal from inception was to create a sustainable business that can withstand stressed periods, and I'm proud to state that FY19-20 has seen us take major steps in business and technology despite the myriad of challenges we have faced. The U GRO team has

worked tirelessly in pursuit of our goal of creating a small business lending fintech platform that can truly solve India's MSME Credit Gap, and I firmly believe that we have set the foundation for our future success.

Our founding thesis was that in order to really address the SME market we had to build a knowledge-driven, technology-enabled lending platform. Thus, we integrated technology with the traditional lending model to create a truly unique and specialized small business lending platform. We have built and commercialized our distribution model across four strong technology platforms to cater to SMEs of all sizes and geographies within our focus areas. These platforms will be the engines of our future growth, and each represents an innovative evolution in the traditional lending process.

Our core sector focused approach and deep understanding of these sectors has helped create a quality loan book through our rigorous yet quicker underwriting processes. We built innovative statistical scorecards with the aim of building a good quality loan book with a secured loan book of

69% and unsecured book of 31% giving a blended yield of 14.3% with negligible NPAs.

To meet the customer's requirements and expectations, U GRO's strategy has always been to work on a collaborative approach; hence we forged an array of partnerships and today we have partnered with 355 GRO Partners, 27 BFSI partners, 26 ecosystem partners, 4 co-origination partners and together we have disbursed loans of INR 861 Crores across 7,764 customers. Our co-lending partnerships with State Bank of India, Bank of Baroda, ICICI Bank and Kotak Mahindra Bank are a particular point of pride for us as a young firm, as it demonstrates the trust India's largest banks have in our ability to originate and underwrite an immaculate loan portfolio.

To conclude, with our foundation, people, processes, partnerships and technology platforms we withstood one of the most turbulent years for the financial sector in recent times, which makes me very confident of our future growth potential and we look forward to solving the unsolved.

# NEWSROOM

Economic Times

## SBI & U GRO ink loan co-origination agreement

The agreement was signed by Jayanta Deb Majumdar, General Manager, SBI and Shachindra Nath, Executive Chairman of U GRO Capital, in Mumbai.

## U GRO Capital signs up with MonetaGo to use their block chain-enabled solution

KNN India

U GRO Capital which is a BSE listed has signed up with MonetaGo to use their 'Invoice Fraud Prevention Blockchain Network' with an objective to strengthen their supply chain finance portfolio.

## Core job skill-sets that are set to dominate the BFSI sector in 2020

people matters

## “ ET Bank of Baroda and U GRO Capital ink loan co-origination ”

MUMBAI: U GRO Capital, a non-banking finance company that lends to small businesses, tied up with state-owned Bank of BarodaNSE -4.30 % for its first loan co-origination.

## Sachin Bansal, Poonawalla family to invest Rs 100 crore in U GRO Capital

The transaction affirms the trend of technology-enabled financial services firms drawing long-term capital despite a crisis of confidence in the broader NBFC space

- ET Tech

U GRO Capital Adopts an Industry-first, End-to-end, Digital Lending Platform Powered by Decimal Technologies to Process SME Loan Applications in Under an Hour

-Dailyhunt

BUSINESS WORLD

## U GRO Capital, Sunvest Capital Launch Rs 20 Crore Rooftop Solar Co-Lending Programme

The collaboration assumes significance as the government has set a renewable energy target of 175 GW by 2022 and solar rooftop energy is expected to contribute 40 GW to the overall target.

## U GRO Capital launches Narayani to encourage women entrepreneurs in India

Economic Times

## How U GRO is using tech to eliminate 70 bad loans from SME lending funnel

-Inc42

India is home to an estimated 60 Mn micro, small and medium enterprises or MSMEs, and the sector has been called the backbone of the Indian economy, thanks to its cumulative contribution to the GDP.



# A YEAR OF PRIDE



India NBFC Summit 2019 Awards by Perfios  
Category: Rising Star of The Year



Companies & Education Awards 2019  
Category: The Most Trusted Company, Emerging NBFC



World BFSI Congress Awards by ET NOW  
Categories: Financial Services, FinTech & Loan



The Finnoviti Award 2020 by Banking Frontiers, partnered by Deloitte  
Category: Business Model-Innovation



4th Edition of IGBL Awards 2018-19  
Category: India's Greatest Leader 2018-19



4th Edition of IGBL Awards 2018-19  
Category: India's Greatest Brand 2018-19

# NOTICE

Notice is hereby given that the 27<sup>th</sup> (Twenty Seventh) Annual General Meeting of the members of UGRO Capital Limited (Previously known as Chokhani Securities Limited) will be held at 11.00 a.m. (IST) on Friday, 18th September, 2020 through Video Conferencing/Other Audio Visual means ("OAVM") on account of outbreak of Covid-19 (Coronavirus) pandemic and in accordance with the relevant circulars issued by the Ministry of Corporate Affairs to transact the following businesses:

## ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements of the Company as on 31<sup>st</sup> March, 2020 along with Directors' Report and Auditors' Report thereon.

2. To appoint a Director in place of Mr. Amit Gupta (DIN: 02282600), who retires by rotation, and being eligible, offers himself for reappointment and in this regard, to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** Mr. Amit Gupta (DIN: 02282600), who retires by rotation from the Board of Directors pursuant to the provisions of Section 152 of the Companies Act, 2013 and Articles of Association of the Company, and being eligible, offers himself for re-appointment, be and is hereby re-appointed as the Director of the Company."

3. To approve, confirm and ratify the appointment of Statutory Auditors of the Company to fill the casual vacancy caused due to the resignation and in this regard, to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 139(8), 142 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, (including any statutory modification(s) and/or re-enactment(s) thereof, for the time being in force), the appointment of M/s MSKA & Associates, Chartered Accountants (Firm Registration Number 105047W) as the Statutory Auditors of the Company to fill the casual vacancy caused due to the resignation of M/s Deloitte Haskins & Sells LLP, Chartered Accountants, (Firm Registration Number: 117366W/W-100018), to hold office from 12<sup>th</sup> August, 2020, till the conclusion of this 27<sup>th</sup> Annual General Meeting, at such remuneration plus out-of-pocket expenses and applicable taxes, as may be mutually agreed between the Board of Directors of the Company and the Auditors, be and is hereby approved, confirmed and ratified."

4. To appoint Statutory Auditors and fix their remuneration and in this regard, to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) and/or re-enactment(s) thereof, for the time being in force), M/s MSKA & Associates, Chartered Accountants (Firm Registration No. 105047W) be and is hereby appointed as the Statutory Auditors of the Company for a term of five consecutive years from the conclusion of this 27<sup>th</sup> Annual General Meeting ("AGM") till the conclusion of the 32<sup>nd</sup> AGM, at such remuneration plus out-of-pocket expenses and applicable taxes, as may be mutually agreed between the Board of Directors of the Company and the Auditors."

## SPECIAL BUSINESS:

5. Authorization for Borrowing Money under Section 180 (l) (c) of the Companies Act, 2013

To consider and, if thought fit, to pass the following resolution as Special Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 180(l)(c) and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any amendment(s), modification(s), variation(s) or re-enactment(s) thereof for the time being in force) ("the Act"), the provisions of the Memorandum of Association and Articles of Association of the Company, Circulars/ Notifications/ Directions issued by Reserve Bank of India from time to time, the consent of the Members of the Company be and is hereby accorded to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any Committee constituted by the Board, to exercise its powers, including the powers conferred by this Resolution) to borrow any sum or sums of money (exclusive of interest), from time to time, on such term and conditions as may be determined, in any form one or more companies, body corporate(s), statutory corporations, commercial banks, lending agencies, financial institutions, insurance companies, mutual funds, pension, provident funds, multilateral financial institutions, any entity/entities or authority and authorities whether in India or abroad, and whether by way of cash credit, loans, advances or deposits, bill discounting, issue of debentures, commercial papers, long/short term loans, suppliers credit, securitized instruments such as floating rate notes, fixed rate notes, syndicate loans, commercial borrowings, either

## Notice (Contd.)

in rupees and/or in such other foreign currencies as may be permitted by law from time to time and/or any other instruments/securities or otherwise and whether unsecured or secured by mortgage, charge, hypothecation or lien or pledge of Companies assets, licenses and properties, whether immovable or movable and/or any of the undertaking of the Company notwithstanding that monies to be borrowed including monies already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will or may exceed the aggregate of the paid up capital of the Company and its free reserves that is to say reserves not set apart for any specific purpose so that the total amount upto which the monies may be borrowed by the Company and outstanding at any time shall not exceed the sum of INR 3000 Crores only (INR Three Thousand Crores only).

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board be and is hereby authorised to approve, finalise, modify, settle and execute such documents/ deeds/ writings/ papers/ agreements as may be required or considered necessary by the Board and to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, expedient, incidental thereto proper or desirable and to settle any question, difficulty or doubt that may arise in regard to borrowing(s) as aforesaid or in respect of any other related matter in this regard and to delegate all or any of its powers herein conferred to any Committee of Board and/ or director (s) and/or officer(s) of the Company to give effect to this resolution."

6. Authorization to sell, lease, charge and/or mortgage etc. property of the Company under Section 180 (1)(a) of the Companies Act, 2013

To consider and, if thought fit, to pass the following resolution as Special Resolution:

**"RESOLVED THAT** pursuant to the provisions of section 180(1)(a) and other applicable provisions of the Companies Act, 2013, if any or any other law for the time being in force (including any statutory modification or amendment thereto or re-enactment thereof) and in terms of Memorandum and Articles of Association of the Company and subject to such other approvals and permissions as may be required, consent of the members be and is hereby accorded to the Company to sell, mortgage and/ or charge, in addition to the mortgages/charges created/ to be created by the Company in such form and manner and with such ranking and at such time and on such terms and conditions as may be determined, on all or any of the movable and/ or immovable properties of the Company and/or the interest held by the Company in all or any of the movable or immovable properties, both present and future and/ or the whole or any part of the undertaking(s) of the Company, together with the power to take over management of the business and concern of the

Company in certain events of default, in favour of lender(s), agent(s), and trustee(s) for securing the borrowings of the Company availed/to be availed by way of loan(s) (in foreign currency and/or rupee currency) and securities (comprising fully/ partly convertible debentures and/or non convertible debentures with or without detachable or non detachable warrants and/or secured premium notes and/ or floating rate notes/ bonds or other debt instruments), issued/ to be issued by the Company from time to time, subject to the limits approved under Section 180 (1) (c) of the Companies Act, 2013 from time to time together with interest at the respective agreed rates, additional interest, compound interest in case of default, accumulated interest, liquidated damages, commitment charges, premium and prepayment, remuneration of the agent(s) and/ or trustee(s), premium (if any) on redemption, all other costs, charges and expenses, including any increase as a result of devaluation/ revaluation/ fluctuation in rates of exchange and all other monies payable by the Company in terms of the loan agreement(s), heads of agreement(s), debenture trust deed(s) or any other agreement/ document, entered into/ to be entered into between the Company and lender(s)/investor(s)/agent(s) and/ or trustee(s) in respect of the said loans , borrowing/ debentures and containing such specific terms and conditions and covenants in respect of enforcement of securities as may be stipulated in that behalf and agreed to between the Company and the lender(s), agent(s) and/ or trustee(s) from time to time for a sum of money which may exceed the paid-up capital and free reserves in the ordinary course of business but not exceeding INR 3500 Crores (INR Three Thousand Five Hundred Crores Only) at any point of time.

**RESOLVED FURTHER THAT** sale, lease, mortgage/charge created/to be created and/or all agreements, documents executed, to be executed and all acts done in terms of the above resolution by and within the authority of the Board of Directors be and is hereby confirmed and ratified.

**RESOLVED FURTHER THAT** any Director of the Company and Company Secretary be and are hereby severally authorized to sign, execute and submit such applications, undertakings, agreements, writings, deeds and other documents and file necessary forms with Ministry of Corporate Affairs and such Authority/s as may be deemed necessary and to delegate all or any of its powers herein conferred to any Committee of Directors and/ or director (s) and/or officer(s) of the Company to give effect to this resolution or expedient to give effect this resolution."

7. To borrow funds by way of issuance of Non-Convertible Debentures and other instruments

To consider and, if thought fit, to pass the following resolution as Special Resolution:

**"RESOLVED THAT** pursuant to the provisions of Sections 23, 42, 71 of the Companies Act, 2013 read with relevant rules thereunder and such other applicable provisions



## Notice (Contd.)

and rules, if any, of the Companies Act, 2013 (including any amendment(s), modification(s), variation(s) or re-enactment(s) thereof for the time being in force) and read with relevant Circulars/Notifications issued by the Ministry of Corporate Affairs, from time to time, and pursuant to the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended from time to time and subject to such other applicable laws, rules and regulations and circulars/notifications/ guidelines/ directions including those issued by Reserve Bank of India from time to time, the Memorandum and Articles of Association of Company and subject to such other approvals as may be required from regulatory authorities from time to time, consent of the Members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee constituted by the Board, to exercise its powers, including the powers conferred by this Resolution) for making offer(s) or invitation(s), issue and allot, in one or more series/tranches Secured/Unsecured Redeemable Non-Convertible Debentures (NCDs) including but not limited to Subordinated Debentures, Perpetual Debt, etc. on private placement basis, for cash and on such terms and conditions and at such times at par or at such premium/discount, as may be considered fit and appropriate by the Board to such person or persons, including one or more companies, body corporate(s), statutory corporations, commercial banks, lending agencies, financial institutions, insurance companies, mutual funds, pension, provident funds, multilateral financial institutions and individuals as the case may be or such other person/persons as the Board may decide, for the purpose of meeting long term requirement of funds/general corporate and other purposes such that total issuance of Non-Convertible Debentures/Bonds/any other debt securities shall not exceed the overall amount of borrowing of INR 2000 (INR Two Thousand Crores only) as may be approved by the members at any point of time, in addition to the limit prescribed under the provision of Section 180 of the Act.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board/Committee of Directors and Officers of the Company be and are hereby severally authorized to do all such acts, deeds and things and deal with such matters and take all such steps as may be necessary and to sign and execute any deeds/documents/undertakings/agreements/papers/writings, as may be required in this regard."

8. To ratify approval of transactions approved by the Board of Directors in a meeting convened through video conferencing

To consider and, if thought fit, to pass the following resolution as Special Resolution:

**"RESOLVED THAT** considering the operational and logistical challenges posed by COVID - 19 pandemic and in view of the circular issued by Ministry of Corporate Affairs on 19<sup>th</sup> March, 2020, allowing companies to transact restricted businesses as contained in Section 173 (2) of Companies Act, 2013 read with Rule 4 of the Companies (Meetings of Board and its Powers) Rules, 2014 through Video Conferencing or Other Audio Visual Means, the businesses transacted by the Company through video conferencing at the meeting of the Audit Committee and the Board of Directors at their meeting held on 20<sup>th</sup> May, 2020 for consideration and approval of the audited financial statements and Board's report for the financial year ended 31<sup>st</sup> March, 2020, particularly with reference to the restrictive provisions contained in Article 14.8 of the Articles of Association of the Company be and are hereby stand ratified and approved.

**RESOLVED FURTHER THAT** in view of the continuing operational and logistical challenges posed by COVID - 19 pandemic, notwithstanding anything contrary contained in the Articles of Association of the Company, approval of the members be and is hereby granted to the Board (which term shall be deemed to include any committee(s) thereof constituted/to be constituted by the Board to exercise its powers) to carry out the restricted items as specified in the Article 14.8 of the Articles of Association of the Company through Video Conferencing or Other Audio Visual Means in future pursuant to the approval already granted or as may be granted by the Ministry of Corporate Affairs, from time to time and that the Directors attending such meetings through Video Conferencing or Other Audio Visual Means shall be counted for the quorum and entitled to vote on such matters."

9. To consider and approve raising of funds to the tune of INR 500 Crores (INR Five Hundred Crores only) by way of Qualified Institutions Placement ("QIP") or through any other method, and in compliance of applicable laws

To consider and, if thought fit, to pass the following Resolution as Special Resolution:

**"RESOLVED THAT** pursuant to the provisions of the Companies Act, 2013 including Sections 23, 42 and 62 and all other applicable provisions, if any, of the Companies Act, 2013, as amended ("the Act") and the Rules made there under to the extent notified and in effect, the applicable provisions, if any, of the Companies Act, 1956, as amended (without reference to the provisions thereof that have ceased to have effect upon notification of sections of the Companies Act) and in accordance with the provisions of the Memorandum and Articles of Association of the Company and subject to and in accordance with any other applicable laws or regulation, in India or outside India, including without limitation, the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2018 ("**ICDR**

## Notice (Contd.)

**Regulations**) (including any amendment/ modifications thereto or re-enactment thereof, for the time being in force), provisions of the SEBI (Listing Obligations and Disclosure Requirement) Regulation, 2015, as amended, the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme, 1993, as amended or restated, the Depository Receipt Scheme 2014, the Foreign Exchange Management Act, 1999 (**"FEMA"**), as amended, Foreign Exchange Management (Non-debt Instruments) Rules, 2019, as amended, and in accordance with the rules, regulations, guidelines, notifications, circulars and clarifications issued thereon, from time to time, by Securities and Exchange Board of India, Reserve Bank of India, the Stock Exchanges, the Government of India, the Registrar of Companies or any other relevant authority from time to time (**"Governmental Authorities"**), to the extent applicable and subject to such approvals, consents, permissions and sanctions as may be required from such Governmental Authorities and subject to such conditions and modifications as may be prescribed, stipulated or imposed by such Governmental Authorities while granting such approvals, consents, permissions and sanctions, the consent, approval and sanction of the Company be and is hereby granted to the Board of Directors (hereinafter referred to as the **"Board"** which term shall be deemed to include any committee(s) thereof constituted/to be constituted by the Board to exercise its powers including the powers conferred by this Resolution to the extent permitted by law) to create, offer, issue and allot, (including with provisions for reservation on firm and/or competitive basis, of such part of issue and for such categories of persons, as may be permitted), with or without a green shoe option, such number of equity shares of the Company with a face value of INR 10 (Rupees Ten) each (**"Equity Shares"**) and/or Equity Shares through convertible bonds (whether denominated in Indian rupees or foreign currency) and/or other securities convertible into Equity Shares at the option of the Company and/or the holder(s) of such securities and/or securities linked to Equity Shares or other securities with or without warrants, which may either be detachable or linked, and which warrant has a right exercisable by the warrant holder to subscribe for the Equity Shares and/ or warrants with an option exercisable by the warrant holder to subscribe for Equity Shares and/or any instruments or securities representing either Equity Shares and/or convertible securities linked to Equity Shares (including the issue and allotment of Equity Shares pursuant to a green shoe option, if any), or any combination of securities convertible into or exchangeable for equity shares including without limitation through Global Depository Receipts (**"GDRs"**) and/or American Depository Receipts (**"ADRs"**) and/ or convertible preference shares and/or convertible debentures (compulsorily and/or optionally, fully and/ or partly) and/or Commercial Papers and/or warrants with a right exercisable by the warrant holder to exchange or convert such warrants with the Equity

Shares of the Company at a later date simultaneously with the issue of non-convertible debentures and/or Foreign Currency Convertible Bonds (**"FCCBs"**) and/ or Foreign Currency Exchangeable Bonds (**"FCEBs"**) and/or any other permitted fully and/or partly paid securities/ instruments/ warrants, convertible into or exchangeable for equity shares at the option of the Company and/or holder(s) of the security(ies) and/ or securities linked to equity shares, in registered or bearer form, secured or unsecured, listed on a recognized stock exchange in India or abroad whether rupee denominated or denominated in foreign currency (all of which are hereinafter collectively referred to as **"Securities"**) or any combination of Securities, in one or more tranches, in India or in course of international offering(s) in one or more foreign markets, by way of one or more public and/or private offerings, Qualified Institutions Placement (**"Qualified Institutional Placement"** or **"QIP"**) and/or on preferential allotment basis or any combination thereof, through issue of prospectus and /or placement document/ or other permissible/requisite offer document to any eligible person, including qualified institutional buyers (**"QIBs"**) in accordance with Chapter VI of the ICDR Regulations, (whether residents and/or non-residents and/ or institutions/banks and/or incorporated bodies, mutual funds, venture capital funds (foreign or Indian) alternate investment funds, foreign institutional investors, foreign portfolio investors, qualified foreign investors and/or multi-lateral financial institutions, stabilizing agents and/ or any other eligible investors, and/or to such investors who are eligible to acquire such Securities in accordance with all applicable laws, rules, regulations, guidelines and approvals and whether they be holders of the Equity Shares of the Company or not (collectively called the **"Investors"**) as may be decided by the Board in its absolute discretion and permitted under applicable laws and regulations, in consultation with the lead managers, advisors or other intermediaries for an aggregate amount not exceeding INR 500 Crores (INR Five Hundred Crore only) or its equivalent thereof, in one or more currencies, if any, inclusive of such premium as may be fixed on the Securities by offering the Securities, at such price or prices, at a permissible discount (including but not limited to any discount as may be permitted under Chapter VI of ICDR Regulations) or premium to market price or prices permitted under applicable laws in such manner and on such terms and conditions including security, rate of interest etc. as may be deemed appropriate by the Board at its absolute discretion including the discretion to determine the categories of Investors to whom the offer, issue and allotment shall be made to the exclusion of other categories of Investors at the time of such offer, issue and allotment considering the prevailing market conditions and other relevant factors and wherever necessary in consultation with lead manager(s) and/or underwriter(s) and/or other advisor(s) or intermediary (ies) appointed and / or to be appointed by the Company (the **"Issue"**).

## Notice (Contd.)

**RESOLVED FURTHER THAT** in case of any offering of Securities, including without limitation any GDRs / ADRs / FCCBs / FCEBs / other securities convertible into equity shares, the Board to issue and allot such number of equity shares as may be required to be issued and allotted upon conversion, redemption or cancellation of any such Securities referred to above in accordance with the terms of issue/offering in respect of such Securities and such equity shares shall rank pari passu with the existing equity shares of the Company in all respects, except as may be provided otherwise under the terms of issue/offering and in the offer document and/or offer letter and/or offering circular and /or listing particulars.

**RESOLVED FURTHER THAT** in case of any issue of Securities made by way of QIP in terms of Chapter VI of the ICDR Regulations, the allotment of the Securities or any combination of Securities as may be decided by the Board shall be completed within 12 months from the date of this Resolution or such other time as may be allowed under the ICDR Regulations from time to time at such a price being not less than the price determined in accordance with the pricing formula provided under Chapter VI of ICDR Regulations. The Company may, in accordance with applicable law, also offer a discount of not more than 5% or such other percentage as permitted under applicable law on price calculated in accordance with the pricing formula provided under ICDR Regulations.

**RESOLVED FURTHER THAT** in the event the Equity Shares are issued pursuant to the QIP in accordance with Chapter VI of the ICDR Regulations, the "relevant date" for the purpose of pricing of the Equity Shares shall be the date of the meeting in which the Board (including a committee of the Board) decides to open the proposed Issue and in the event eligible convertible securities (as defined under the ICDR Regulations) are issued pursuant to the QIP, the relevant date for the purpose of pricing of such convertible securities and for the purpose of pricing of the Securities by way of GDRs/ADRs/FCCBs/FCEBs or by way of any other issue(s), shall be either the date of the meeting in which the Board of the Company (including a committee of the Board) decides to open the proposed Issue of such convertible securities or the date on which the holder of such convertible securities become entitled to apply for the Equity Shares or the date as specified under the applicable law or regulation, and as may be decided by the Board in this regard.

**RESOLVED FURTHER THAT** the Board and other designated officers of the Company be and are hereby severally authorised to make all filings including as regards the requisite listing application/ prospectus/ offer document/registration statement, or any draft(s) thereof, or any amendments or supplements thereof, and of any other relevant documents with the Stock Exchanges (in India or abroad), the RBI, the SEBI, the Registrar of Companies and such other authorities or institutions in India and/or

abroad for this purpose and to do all such acts, deeds and things as may be necessary or incidental to give effect to the resolutions above and the Common Seal of the Company be affixed wherever necessary.

**RESOLVED FURTHER THAT** the Board / committee of directors be and is hereby authorized to issue and allot such number of Equity Shares as may be required to be issued and allotted, including issue and allotment of Equity Shares upon conversion of any Securities referred to above or as may be necessary in accordance with the terms of the Issue, all such Equity Shares shall rank pari passu inter-se and with the then existing Equity Shares of the Company in all respects, including dividend, which shall be subject to relevant provisions of the Memorandum and Articles of Association of the Company and the applicable laws and regulations including any rules and regulations of any Stock Exchanges.

**RESOLVED FURTHER THAT** the Board / committee of directors be and is hereby authorized to engage, appoint lead manager(s), underwriter(s), guarantor(s), depositories, custodian(s), registrar(s), stabilizing agent(s), trustee(s), banker(s), lawyer(s), advisor(s) and all such professionals or intermediaries or agencies as may be involved or concerned in such offerings of Securities and to remunerate them by way of commission, brokerage, fees or the like and also to enter into and execute all such arrangement(s), memorandum(s), arrangement(s), placement agreement(s)/ underwriting agreement(s) / deposit agreement(s) / trust deed(s) / subscription agreement/ payment and conversion agency agreement/ any other agreements or documents, etc., with such agencies and also to seek the listing of such Securities on the Stock Exchange(s) // International Stock Exchanges and the Equity Shares to be issued on conversion of the Securities as set forth in the aforesaid resolution, if any, on the Stock Exchange(s), authorising any director(s) or any officer(s) of the Company to sign for and on behalf of the Company, the offer document(s), agreement(s), arrangement(s), application(s), authority letter(s), or any other related paper(s) / document(s) and give any undertaking(s), affidavit(s), certificate(s), declaration(s) as the Board may in its absolute discretion deem fit including the authority to amend or modify the aforesaid document(s).

**RESOLVED FURTHER THAT** for the purpose of giving effect to any offer, issue or allotment of Equity Shares or Securities or instruments representing the same, as described above, the Board, where required in consultation with the merchant bankers/ lead managers and/or other advisors as mentioned above, be and is hereby authorised on behalf of the Company, to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable for such purpose, including but not limited to finalize, approve and issue any document(s), including finalization and approval of the preliminary as well as final offer document(s), letter of offer, determining

## Notice (Contd.)

the form and manner of the Issue, including the selection of qualified institutional buyers and/or such Investors to whom the Securities are to be offered, issued and allotted, number of Securities to be allotted, issue price, face value, discounts permitted under applicable law (now or hereafter), premium amount on issue/conversion of the Securities, if any, rate of interest, period of conversion or redemption, listing on one or more stock exchanges in India and/or abroad and any other terms and conditions of the issue, including any amendments or modifications to the terms of the Securities and any agreement or document (including without limitation, any amendment or modification, after the issuance of the Securities), the execution of various transaction documents, creation of mortgage/ charge in accordance with the provisions of the Act and any other applicable laws or regulations in respect of any Securities, either on a pari passu basis or otherwise, fixing of record date or book closure and related or incidental matters as the Board in its absolute discretion deems fit and to settle all questions, difficulties or doubts that may arise in relation to the issue, offer or allotment of the Securities, accept any modifications in the proposal and matters related thereto and with power on behalf of the Company to settle all questions, difficulties or doubts that may arise in regard to such issue(s) or allotment(s) as it may, in its absolute discretion, deem fit without being required to seek further consent or approval of the members or otherwise to the end and intent that the members shall be deemed to have given their approval thereto expressly by the authority of this Resolution.

**RESOLVED FURTHER THAT** the Board / committee of directors be and is hereby authorized to form a committee and/or delegate all or any of its power to any committee of directors (including any officer(s) of the Company) to give effect to the aforesaid resolutions and is authorized to take such steps and to do all such acts, deeds, matters and things and accept any alterations or modification(s) as they may deem fit and proper and give such directions as may be necessary to settle any question or difficulty that may arise in regard to issue and allotment of Equity Shares.

**RESOLVED FURTHER THAT** for the purpose aforesaid, all the Directors of the Company be and are hereby severally authorized to sign all documents and settle all questions, difficulties, or doubts that may arise in regard to the issue, offer and allotment of the securities and utilization of the issue proceeds as it may in its absolute discretion deem fit."

Registered Office: For & on behalf of the Board of Directors  
Equinox Business Park,  
Tower -3, 4th Floor,  
LBS Marg, Off BKC Road  
Kurla (West),  
Mumbai 400070

**For UGRO CAPITAL LIMITED**

Sd/-

**Aniket Karandikar  
(Company Secretary)**

**M. No: ACS 24107**

Date: 12<sup>th</sup> August, 2020

### NOTES:

1. A Statement pursuant to Section 102(i) of the Act ("Explanatory Statement") relating to the Item No. 3, 4 and Special Businesses (Item No. 5 to 9) to be transacted at the Meeting is annexed hereto. The relevant details as required under Regulation 36 (3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), of the person seeking re-appointment as Director under Item No. 2 of the Notice, are also annexed to the notice.
2. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") vide its circular dated 05<sup>th</sup> May, 2020 read with circulars dated 08<sup>th</sup> April, 2020 and 13<sup>th</sup> April, 2020 (collectively referred to as "MCA Circulars") and Securities and Exchange Board of India ("SEBI") vide circular dated 12<sup>th</sup> May, 2020 ("SEBI Circular") permitted the holding of the Annual General Meeting ("the Meeting") through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), MCA Circulars and SEBI Circular, the Meeting of the Company is being held through VC / OAVM.
3. A Member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote on his/ her behalf and the proxy need not be a Member of the Company. However, pursuant to MCA Circulars and SEBI Circular, the AGM will be held through VC/ OAVM and the physical attendance of Members in any case has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the Meeting and hence the Proxy Form is not annexed to this Notice.
4. Pursuant to Section 113 of the Act representatives of Corporate Members may be appointed for the purpose of voting through remote e-voting or for participation and voting in the Meeting to be conducted through VC/ OAVM.

Corporate Members intending to attend the Meeting through their authorised representatives are requested to send a Certified True Copy of the Board Resolution and Power of Attorney, (PDF/ JPG Format) if any, authorizing its representative to attend and vote on their behalf at the Meeting. The said Resolution/Authorisation shall be sent to the Company by email through its registered email address, i.e. [cs@ugrocapital.com](mailto:cs@ugrocapital.com) with a copy marked to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)



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5. In compliance with the aforesaid MCA Circulars and SEBI Circular, Notice of the Meeting along with the Annual Report for FY 2019-20 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Members may note that the Notice and Annual Report for FY 2019-20 will also be available on website of the Company, i.e. [www.ugrocapital.com](http://www.ugrocapital.com), website of the Stock Exchange i.e. BSE Limited and on the website of the CDSL [www.evotingindia.com](http://www.evotingindia.com)
6. The business set out in the Notice will be transacted through electronic voting system and the Company is providing facility for voting by electronic means. Instructions and other information relating to e-voting are given in this Notice under Note No. 14.
7. Members attending the Meeting through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
8. Relevant documents referred to in the accompanying Notice and the Explanatory Statement, Registers and all other documents will be available for inspection in electronic mode. Members can inspect the same by sending an email to the Company at [cs@ugrocapital.com](mailto:cs@ugrocapital.com).
9. Notice is also given under Section 91 of the Act read with Regulation 42 of the Listing Regulations, that the Register of Members and the Share Transfer Book of the Company will remain closed from Saturday, 12th September, 2020 to Friday, 18th September, 2020 (both days inclusive).
10. Process for registration of email id for obtaining Annual Report and User ID/password for e-voting are annexed to this Notice.
11. Members are requested to intimate changes, if any, pertaining to their name, postal address, telephone/mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, to their Depository Participants ("DPs") in case the shares are held by them in dematerialized form and to the Registrar and Share Transfer Agents of the Company i.e. Link Intime India Private Limited ("Link Intime") in case the shares are held by them in physical form.
12. In case you have any queries/ complaints or grievances, then please write to us at [cs@ugrocapital.com](mailto:cs@ugrocapital.com)
13. Members seeking any information/desirous of asking any questions at the Meeting with regard to the accounts or any matter to be placed at the Meeting are requested to send email to the Company at [cs@ugrocapital.com](mailto:cs@ugrocapital.com) at least 7 days before the Meeting. The same will be replied by the Company suitably.
14. Information and other instructions relating to e-voting are as under:
  - I. Pursuant to the provisions of Section 108 and other applicable provisions of the Act and Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and Regulation 44 of the Listing Regulations, MCA Circulars and SEBI Circular the Company is pleased to provide its Members facility to exercise their right to vote on resolutions proposed to be passed in the Meeting by electronic means.
  - II. The Company has engaged the services of Central Depository Services (India) Limited ("CDSL") to provide e-voting facility to the Members.
  - III. Voting rights shall be reckoned on the paid-up value of shares registered in the name of the Member/ beneficial owner (in case of electronic shareholding) as on the cut-off date, i.e., Friday, 11th September, 2020. A person who is not a Member as on the cut-off date should treat this Notice for information purposes only.
  - IV. A person, whose name is recorded in the Register of Members or in the register of beneficial owners maintained by the depositories as on the cut-off date, i.e. Friday, 11th September, 2020, only shall be entitled to avail the facility of e-voting.
  - V. Members who are holding shares in physical form or who have not registered their email address with the Company/Depository or any person who acquires shares of the Company and becomes a Member of the Company after the Notice has been sent electronically by the Company, and holds shares as of the cut-off date, i.e. Friday, 11th September, 2020; such Member may obtain the User ID and password by sending a request at [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in) However, if a Member is already registered with CDSL for e-voting then existing User ID and password can be used for casting vote.
  - VI. The Board of Directors of the Company has appointed Mr. Pankaj Nigam of M/s. Pankaj Nigam & Associates, a Practising Company Secretary firm, Mumbai as scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
  - VII. The Scrutinizer, after scrutinizing the votes, will, not later than forty eight hours from the conclusion of the Meeting; make a consolidated scrutinizer's report which shall be placed on the website of the



## Notice (Contd.)

Company, i.e. [www.ugrocapital.com](http://www.ugrocapital.com) and on the website of CDSL. The results shall simultaneously be communicated to the Stock Exchange.

VIII. Subject to receipt of requisite number of votes, the resolutions shall be deemed to be passed on the date of the Meeting, i.e. 18<sup>th</sup> September, 2020.

IX. Information and other instructions relating to e-voting are as under: The remote e-voting facility will be available during the following period:

Commencement of e-voting: From 9:00 a.m. (IST) on Tuesday, 15<sup>th</sup> September, 2020.

End of e-voting: Up to 5:00 p.m. (IST) on Thursday, 17<sup>th</sup> September, 2020.

i. The remote e-voting will not be allowed beyond the aforesaid date and time and the e-voting module shall be disabled by CDSL upon expiry of the aforesaid period.

ii. The Members who have cast their vote by remote e-voting prior to the Meeting may also attend/ participate in the Meeting through VC / OAVM but shall not be entitled to cast their vote again.

iii. The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).

iv. Click on "Shareholders" module.

v. Now Enter your User ID :

- (a) For CDSL: 16 digits beneficiary ID.
- (b) For NSDL: 8 Character DP ID followed by 8 Digits Client ID.
- (c) Members holding shares in Physical Form should enter Folio Number registered with the Company.

### Or

Alternatively, if you are registered for CDSL's EASI/EASIEST e-services, you can log-in at <https://www.cdslindia.com> from Login - Myeasi using your login credentials. Once you successfully log-in to CDSL's EASI/EASIEST e-services, click on e-Voting option and proceed directly to cast your vote electronically.

vi. Next, enter the Image Verification as displayed and Click on Login.

vii. If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any Company, then your existing password is to be used.

viii. If you are a first-time user follow the steps given below:

PAN*	<b>For Members holding shares in Demat Form and Physical Form</b>
	Enter your 10-digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)  ● Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number sent by Company/RTA or contact to Company/RTA.
Dividend Bank Details or Date of Birth	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the Company records in order to login.  ● If both the details are not recorded with the depository or Company please enter the member id / folio Birth number in the Dividend Bank details field as mentioned in instruction (v).

After entering these details appropriately, click on "SUBMIT" tab.

ix. Shareholders holding shares in physical form will then directly reach the Company selection screen. However, Shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is also to be used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

x. For Shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

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- xi. Click on the Electronic Voting Sequence Number (EVSN) of UGRO CAPITAL LIMITED on which you choose to vote.
  - xii. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
  - xiii. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
  - xiv. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
  - xv. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
  - xvi. You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
  - xvii. If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
  - xviii. Shareholders can also cast their vote using CDSL's mobile app m-Voting. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
  - xix. Note for Non-Individual Shareholders and Custodians
    - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in the Corporate module.
    - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)
    - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
  - Alternatively Non-Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorised signatory who are authorised to vote, to the scrutinizer or Company or Registrar and Transfer Agent at the email address viz [pankajngamcs@gmail.com](mailto:pankajngamcs@gmail.com) or [cs@ugrocapital.com](mailto:cs@ugrocapital.com) or [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in) and if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutiniser to verify the same.
  - xx. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact Mr. Nitin Kunder (022- 23058738 ) or Mr. Mehboob Lakhani (022-23058543) or Mr. Rakesh Dalvi (022-23058542).
  - xxi. All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, Central Depository Services (India) Limited, A Wing, 25<sup>th</sup> Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call on 022-23058542/43.
- X. Instructions for Shareholders for e-voting during the Meeting are as under:-
- i. The procedure for e-voting on the day of the Meeting is same as the instructions mentioned above for remote e-voting.
  - ii. Only those Shareholders, who are present in the Meeting through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system available during the Meeting.

## Notice (Contd.)

- iii. If any Votes are cast by the Shareholders through the e-voting available during the Meeting and if the same Shareholders have not participated in the Meeting through VC/OAVM facility, then the votes cast by such Shareholders shall be considered invalid as the facility of e-voting during the Meeting is available only to the Shareholders attending the Meeting.
  - iv. Shareholders who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
15. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the Meeting.
  16. Share transfer documents and all correspondence relating thereto, should be addressed to the Link Intime at C IOI, 247 Park, L. B. S. Marg, Vikhroli West, Mumbai - 400 083 or at their designated email id i.e. [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in).
  17. The Company, consequent upon introduction of the Depository System ("DS"), entered into agreements with National Securities Depository Limited ("NSDL") and CDSL. The Members, therefore, have the option of holding and dealing in the shares of the Company in dematerialised form through NSDL or CDSL.
  18. The DS envisages elimination of several problems involved in the scrip-based system such as bad deliveries, fraudulent transfers, mutilation of share certificates etc. Simultaneously, DS offers several advantages like exemption from stamp duty on transfer of shares, elimination of concept of market lot, elimination of bad deliveries, reduction in transaction costs, improved liquidity, etc.
  19. To prevent fraudulent transactions, Members are advised to exercise due diligence and notify the Company of any change in address or demise of any Member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned DP and holdings should be verified.
  20. SEBI has mandated the submission of PAN by every participant of the securities market. Members holding shares in dematerialised form are, therefore, requested to submit their PAN to their DPs with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company/ Link Intime.
  21. Members wishing to claim dividends that remain unclaimed are requested to correspond with the Registrar and Transfer Agent as mentioned above or to the Company Secretary, at the Company's registered office. Members are requested to note that dividends that are not claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will, as per Section 124 of the Act, be transferred to the Investor Education and Protection Fund (IEPF), Shares on which dividend remains unclaimed for seven consecutive years will be transferred to the IEPF as per Section 124 of the Act and the applicable rules.
  22. As mandated by SEBI, effective April 01, 2019 except in case of transmission or transposition of securities, requests for effecting transfer of securities shall not be processed unless the securities are held in dematerialised mode with a depository. Accordingly, the Members of the Company were requested to open a demat account and submit physical securities to their DPs.
  23. As per Regulation 40(7) of the Listing Regulations, read with Schedule VII to the said Regulations, for registration of transfer of shares, the transferee(s) as well as transferor(s) shall mandatorily furnish copies of their Income Tax PAN Card. In case of transmission of shares held in physical mode, it is mandatory to furnish a copy of the PAN Card of the legal heir(s) / nominee(s). In exceptional cases, the transfer of physical shares is subject to the procedural formalities as prescribed under SEBI Circular No. SEBI/HO/MIRSD/DOS3/CIR/P/2018/139 dated November 06, 2018.
  24. Pursuant to Section 72 of the Act, Members are entitled to make a nomination in respect of shares held by them. Members desirous of making a nomination, pursuant to the Rule 19(1) of the Companies (Share Capital and Debentures) Rules, 2014 are requested to send their requests in Form No. SH- 13, to Link Intime. Further, Members desirous of cancelling/varying nomination pursuant to the Rule 19(9) of the Companies (Share Capital and Debentures) Rules, 2014, are requested to send their requests in Form No. SH-14, to Link Intime. These forms will be made available on request.
  25. Information of Director seeking re-appointment at the ensuing Meeting, as required under Regulation 36(3) of the Listing Regulations and SS-2 issued by the Institute of Company Secretaries of India, is annexed to the notice.
  26. Since the Meeting will be held through VC/ OAVM, the Route Map and Attendance Slip are not annexed to this Notice.
- INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE MEETING THROUGH VC/OAVM ARE AS UNDER:**
- i. Shareholder will be provided with a facility to attend the Meeting through VC/OAVM through the CDSL e-voting system. Shareholders may access the same at <https://www.evotingindia.com> under Shareholders/Members login by using the remote e-voting credentials. The link for VC/OAVM will be available in Shareholders/ Members login where the EVSN of the Company will be displayed.

## Notice (Contd.)

2. The Members can join the Meeting through VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the Meeting through VC/OAVM will be made available to at least 1000 members on first come first served basis.

However the participation of large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. are not restricted on first come first served basis.

3. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
4. Further Shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the Meeting.
5. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
6. Members who would like to express their views or ask questions during the Meeting may register themselves as a speaker by sending their request from their registered

email address mentioning their name, DP ID and Client ID/folio number, PAN, mobile number at [cs@ugrocapital.com](mailto:cs@ugrocapital.com) up to 14<sup>th</sup> September, 2020 (6:00 p.m. IST). Those Shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the Meeting.

7. The Shareholders who have not registered themselves can put the question on the Question and Answer chatbox available on the screen at the time of the Meeting.
8. Members who need technical assistance before or during the Meeting can send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call 022-23058542/43.

### **PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:**

- i. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card) by email to [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)
- ii. For Demat shareholders - please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card) to [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

## Notice (Contd.)

### DETAILS OF DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING (PURSUANT TO REGULATION 36(3) OF THE LISTING REGULATIONS)

Name of Director	Amit Gupta
Category of Director	Non-Executive Director
Date of Birth	24/09/1976
Date of Appointment on Board	05/07/2018
Qualifications	B.Tech. from Regional Engineering College, Kurukshetra University And PGDM from Indian Institute of Management (IIM), Bengaluru
Relationship between Directors inter-se	None
Brief Resume & Expertise in specific functional area	Mr. Gupta has a highly varied experience of 20 years in leading teams and producing projects aligned with business goals. Collaborative and a clear communicator is how his peer's best describe him.
Directorships held in other listed Companies	1
Memberships/ Chairmanships of committees of other listed Companies (includes only Audit Committee and Stakeholders Relationship Committee)	1
No. of shares held in the Company as on 31 <sup>st</sup> March, 2020	Nil

### EXPLANATORY STATEMENT PURSUANT TO SECTION 102 (1) OF THE COMPANIES ACT, 2013

#### Item No. 3 & 4

The Members of the Company at the Annual General Meeting ("AGM") held on 3<sup>rd</sup> July, 2018 had approved the appointment of M/s Deloitte Haskins & Sells LLP, Chartered Accountants, ("Deloitte") (Firm Registration Number: 117366W/W-100018) as the Statutory Auditors of the Company to hold office from the conclusion of the 25<sup>th</sup> AGM till the conclusion of the 30<sup>th</sup> AGM.

Deloitte vide its letter dated 12<sup>th</sup> August, 2020 resigned as the Statutory Auditors of the Company since the audit fees is not commensurate to the efforts that they would be incurring to conduct an audit for the Financial Year 2020-21 in accordance with the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013, resulting into a casual vacancy in the office of the Statutory Auditors of the Company.

Pursuant to Section 139(8) of the Companies Act, 2013 ("the Act"), the Board of Directors of the Company, on the recommendation of the Audit Committee at its meeting held on 12<sup>th</sup> August, 2020 accepted the resignation of Deloitte and after obtaining their consent under Section 139(l) of the Act, appointed M/s MSKA & Associates, Chartered Accountants (Firm Registration No. 105047W), as the Statutory Auditors of the Company to fill the casual vacancy caused by the resignation of Deloitte with effect from 12<sup>th</sup> August 2020 till the conclusion of this 27<sup>th</sup> AGM, subject to the approval and ratification by the Members at such remuneration plus out of

pocket expenses and applicable taxes, as may be mutually agreed between the Board of Directors of the Company and the Auditors.

MSKA & Associates is a Chartered Accountancy Firm registered with Institute of Chartered Accountants of India with Firm Registration Number 105047W. The firm has presence in 10 cities in India viz Ahmedabad, Bengaluru, Chennai, Kolkata, Kochi, Hyderabad, Mumbai, New Delhi – Gurgaon, Goa and Pune. The Firm provides range of services which include Audit & Assurance, Taxation, Accounting and Risk Advisory. The Firm's Audit & Assurance practice has significant experience in auditing financial services clients including banks and NBFCs.

The Board of Directors of the Company on the recommendation of the Audit Committee at its Meeting held on 12<sup>th</sup> August 2020, also recommended the appointment of M/s MSKA & Associates, Chartered Accountants as the Statutory Auditors of the Company to hold office for a period of five years, from the conclusion of this 27<sup>th</sup> AGM till the conclusion of the 32<sup>nd</sup> AGM of the Company, subject to the approval of the Members at such remuneration plus out of pocket expenses and applicable taxes, as may be mutually agreed between the Board of Directors of the Company and the Auditors.

The Company has received the consent letter and eligibility certificate from M/s MSKA & Associates, Chartered Accountants to act as the Statutory Auditors of the Company in place of Deloitte along with a confirmation that, their appointment, if made, would be within the limits prescribed under the Act. The proposed fee payable to M/s MSKA &



## Notice (Contd.)

Associates, Chartered Accountants shall be fixed by the Board of Directors of the Company.

None of the Directors or the Key Managerial Personnel of the Company including their relatives are in any way concerned or interested in the proposed resolutions.

The Board recommends the Ordinary Resolutions set out at Item No.3 & 4 of the Notice for the approval of Members.

### Item No. 5 & 6

Keeping in view the Company's existing and future financial requirements and the business plan, the Company is desirous of raising finance from various Banks and/or Financial Institutions and/or any other lending institutions and/or Bodies Corporate and/or such other persons/ individuals as may be considered fit, which, together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid-up capital and the free reserves of the Company. Hence, it is proposed to increase the maximum borrowing limits upto INR 3000 Crores (Rupees Three Thousand Crores only) over and above paid up capital and Free Reserves of the Company. Pursuant to Section 180(l)(c) of the Companies Act, 2013, the Board of Directors cannot borrow more than the aggregate amount of the paid-up capital of the Company and its free reserves at any one time except with the consent of the members of the Company in a general meeting.

Further, in order to facilitate securing the borrowing(s) made by the Company, it would be necessary to create charge or mortgage on the assets or whole of the undertaking of the Company. Section 180(l)(a) of the Companies Act, 2013, provides for the power to sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company subject to the prior approval of members in the General Meeting by way of special resolution.

None of the Directors or the Key Managerial Personnel of the Company including their relatives are in any way concerned or interested in the proposed resolution.

The Board recommends the Special Resolution set out at Item No.5 & 6 of the Notice for the approval of Members.

### Item No. 7

The Members of the Company, at the Annual General Meeting ("AGM") held on 18<sup>th</sup> September, 2019 passed a Special Resolution authorizing the Board of Directors of the Company to offer or invite subscription for Non-convertible Debentures ("NCDs"), in one or more series/ tranches for an amount of up to INR 2000 Crores. The said resolution was valid and effective for one year.

Pursuant to Section 42 and other applicable sections of the Act read with Rules framed thereunder, a company which intends to offer and make an invitation to subscribe to NCDs is required to obtain prior approval of the Members by means of a special resolution. Such an approval can be obtained once

a year for all the offers and invitations made for such NCDs during the year.

This enabling resolution authorises the Board of Directors of the Company to offer or invite subscription for NCDs, as may be required by the Company, from time to time and as set out herein, for a period of one year from the date of passing this resolution.

None of the Directors or the Key Managerial Personnel of the Company including their relatives are in any way concerned or interested in the proposed resolution.

The Board recommends the Special Resolution set out at Item No. 7 of the Notice for the approval of Members.

### Item No. 8

Ministry of Corporate Affairs vide circular dated 19<sup>th</sup> March, 2020 has relaxed the requirement of holding Board meetings with physical presence of Directors under Section 173(2) of the Companies Act, 2013 read with Rule 4 of the Companies (Meetings of Board and its Powers) Rules, 2014 for approval of the restricted items. Pursuant to the above circular, companies are allowed to hold such meetings from the period beginning from the commencement of the Companies (Meetings of Board and its Powers) Amendment Rules, 2020 i.e. 19<sup>th</sup> March, 2020 till 30<sup>th</sup> June, 2020 through video conferencing or other audio visual means by duly ensuring compliance of Rule 3 of the Companies (Meetings of Board and its Powers) Rules, 2014.

Accordingly, a meeting of Audit Committee was held through video conferencing on 20<sup>th</sup> May, 2020 at which the audited financial statements for the financial year ended 31<sup>st</sup> March, 2020 were considered and the same were recommended to the Board of Directors. Further, a meeting of Board of Directors was also held through video conferencing on 20<sup>th</sup> May, 2020 at which the audited financial statements and Board's Report for the financial year ended 31<sup>st</sup> March, 2020 were considered and approved.

Considering the following restriction contained in Article 14.8 of the Articles of Association of the Company, the shareholders are requested to ratify and approve the aforesaid restricted items approved by the Audit Committee and the Board of Directors at its meeting held on 20<sup>th</sup> May, 2020 through video conferencing. Further, in view of the continuing operational and logistical challenges posed by COVID - 19 pandemic, it is also proposed to seek approval of members for transacting such restricted businesses through Video Conferencing or Other Audio Visual Means as may be approved by the Ministry of Corporate Affairs, from time to time.

*"A Director may attend a Board meeting through video conferencing or other audio-visual means in accordance with the provisions under the Companies Act, 2013. However, a Director shall not participate in a Board meeting via video conferencing or other audio visual means in relation to the following restricted items: (i) approval of annual accounts;*

## Notice (Contd.)

(ii) Board's report; (iii) prospectus; (iv) Audit Committee meeting; and (v) matters relating to amalgamation/ merger/ demerger/ acquisition/ take over, unless expressly permitted by the Chairman of the Board.

Further, a Director participating through electronic mode in respect of the restricted items set out at this Article 14.8 with the express permission of the Chairman of the Board, shall neither be entitled to vote nor be counted for the purposes of quorum in respect of such restricted items."

None of the Directors or the Key Managerial Personnel of the Company including their relatives are in any way concerned or interested in the proposed resolution.

The Board recommends the Special Resolution set out at Item No. 8 of the Notice for the approval of Members.

### Item No. 9

The Special Resolution proposed is an enabling resolution to facilitate and meet the capital requirements for business activities and to utilize the issue proceeds for general corporate purposes including but not limited to pursuing new business opportunities, meeting the issue expenses etc. The resolution contained in the attached Notice pertains to a proposal by the Company to create, offer, issue and allot equity shares, American Depository Receipts and other securities, as stated therein in one or more tranches (referred to as "Securities").

The members may please note that the resolution is only an enabling resolution and the detailed terms and conditions for the offer will be determined in consultation with lead managers, advisors, underwriters and such other authorities and agencies as may be required to be consulted by the Company in due consideration of prevailing market conditions and other relevant factors. As the price of the securities shall be determined at a later stage, exact number of securities to be issued shall also be crystallized later. However, an enabling resolution is being proposed to give adequate flexibility and discretion to the Board to finalize the terms of the offer.

As per Section 62 of the Companies Act, 2013, and as per the rules and regulations applicable under the laws, the relevant provisions of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("ICDR Regulations"), the approval of existing members is being sought to empower the Board to issue, offer and allot Equity Shares at such price, and if approved at a discount of not more than 5% on the price calculated for the Qualified Institutions Placement or at such other discount as may be permitted under Chapter VI of the ICDR Regulations or premium to market price or prices in such a manner and on such terms and conditions including security, rate of interest, etc. to such person(s) including institutions, incorporated.

The Members' approval to the resolution would have the effect of allowing the Board to offer and allot Securities otherwise than on pro-rata basis to the existing shareholders.

The enabling Special Resolution also seeks to empower the Board of Directors of the Company (hereinafter called the "Board" which term shall be deemed to include any committee which the Board has constituted to exercise its powers including the power conferred by this resolution) to undertake a Qualified Institutional Placement as defined by ICDR Regulations. The Board may in their discretion adopt this mechanism, as prescribed under Chapter VI of the ICDR Regulations. The pricing of the Equity Shares to be issued to Qualified Institutional Buyers pursuant to Chapter VI of the ICDR Regulations shall be freely determined subject to such price not being less than the price calculated in accordance with the ICDR Regulations.

The enabling Special Resolution seeks to give the Board the powers to issue Equity Shares as the Board may deem fit, in one or more tranche or tranches, at such time or times, at such price or prices and to such person(s) including institutions, incorporated bodies and/ or individuals or otherwise as the Board, in its absolute discretion, deems fit. The detailed terms and conditions for the offer will be determined by the Board in consultation with the advisors, lead managers, underwriters and such other authority or authorities as may be required to be consulted by the Company considering the prevailing market conditions and in accordance with the applicable provisions of law, and other relevant factors.

The Equity Shares so allotted would be listed. The issue / allotment would be subject to the availability of regulatory approvals, if any

As and when the Board does take a decision on matters on which it has the discretion, necessary disclosures will be made to the Stock Exchange under the provisions of the Listing Regulations.

None of the Directors or the Key Managerial Personnel of the Company including their relatives are in any way concerned or interested in the proposed resolution.

The Board recommends the Special Resolution set out at Item No. 9 of the Notice for the approval of Members.

Registered Office: For & on behalf of the Board of Directors  
Equinox Business Park,  
Tower -3, 4<sup>th</sup> Floor,  
LBS Marg, Off BKC Road  
Kurla (West),  
Mumbai 400070

**For UGRO CAPITAL LIMITED**

**Sd/-**

**Aniket Karandikar**  
**(Company Secretary)**

**M. No: ACS 24107**

Date: 12<sup>th</sup> August, 2020

# MANAGEMENT DISCUSSION AND ANALYSIS



## Global Economy Overview

The calendar year 2019 started off with rising tensions between the world's two largest economies – US and China. US and China together account for 40% of the global GDP and the trade disputes between them had an adverse effect on the global economy and sentiment overall. This impact was not only seen in the commodities and financial markets (equities, bonds, currencies), but also impacted the output and profitability of firms, leading to deterred investment decisions of businesses. However, as the year progressed, market sentiments were boosted by tentative signs on intermittent favourable news on US-China trade negotiations.

Brexit was the other major event that took place in January 2020, after the public referendum in 2016 and years of negotiations. The impact of Brexit is expected to hurt the UK

economy, primarily due to 2020 having the weakest export growth since 2009 and business investments contracting by 0.7%.

If the pain felt across global economies was not enough in 2019, the year ended off on a worse footing with the Coronavirus being first detected in December and quickly spreading across the world's second-largest economy from the capital of Hubei province before infecting more than 750,000 people in at least 110 countries in less than three months, and killing more than 36,000 by the end of March 2020. From an economic perspective, the key issue was not just the number of cases of this virus, but the level of disruption to economies.

As a silver lining, the governments of all countries have taken strong and bold measures to brace their economies from the expected impact of COVID-19. USA started off with rate



## Management Discussion And Analysis (Contd.)

cuts and infusing more than USD 1.5 Trillion into the financial system in an effort to calm the market turmoil after Wall Street suffered its worst day since the 1987 market crash.

### Indian Economy Overview

The Indian economy started this financial year on a dull note owing to the ongoing liquidity crisis. In order to achieve the government's vision of making India a USD 5 Trillion economy by 2025, the finance ministry slashed domestic corporate tax rates to 25.17% in the mid-year to spur the investments in the economy. As a result, the domestic investments have contributed intermittently to the Indian growth story, but overall, this has proven to be relatively ineffectual.

The Consumer Price Index (CPI) showed retail inflation rising to 7.59% in January 2020 and IIP growth stood at a mere 2% YoY in January 2020, which was mainly driven by intermediate goods output whereas Capital goods, infrastructure and construction goods output declined.

The liquidity crunch stressed NBFC funding; interest rates hiked up, which resulted in a degrowth of household consumption. The Indian auto sector which has a valuable contribution to the economy went through a difficult phase in the last one year primarily due to government norms pushing to shift to BS-VI models.

The Current Account Deficit narrowed primarily on account of lower non-oil, non-gold imports and robust services exports supported by software, travel and financial services. The balance of payments surplus stood at USD 21.6 Billion which was supported by FPI and FDI flows.

Although, according to the Indian Budget 2020, the real GDP growth was estimated at 5.0% in the financial year 2019-20, the recent COVID-19 crisis has ensured that FY2021 will be a challenging one for India and the world. Despite this, the IMF projects India (1.9%) and China (1.2%) to be the only two major global economies expected to register growth, while all others are projected to contract.

**Outlook:** The uncertain timetable regarding remission of COVID-19 does significantly increase individual sector risks, particularly in directly affected sectors such as Hospitality and indirectly affected sectors such as Manufacturing. However, the Indian economy is better placed than the economies of most major nations as minor growth is still expected in FY2021. Macroeconomic positives include a more favourable tax regime and the oversupply of crude oil leading to a mid-to-long term deflation in crude oil prices. India imports 82% of its oil needs and is the third top global net crude oil importer

of 205.3 Mt in 2018, and thus lower prices can be expected to translate into superior margins and profitability, particularly in industrial firms..

### Indian Banking Sector

The Indian banking system consists of 20 public sector banks, 22 private sector banks, 44 foreign banks, 44 regional rural banks, 1,542 urban cooperative banks and 94,384 rural cooperative banks, in addition to cooperative credit institutions, has been witness to a lot of turmoil, starting with IL&FS, ICICI Bank fiasco and the latest brand to be added to this group is YES Bank. In total, 14 banks have made it into the news for financial discrepancies and the NPAs amount to a total INR 10 lakh crores, an amount which continues to rise. The government is said to have put up a total of INR 3 lakh crores to revitalise this sector, in the past three years. The big problem right now in the Indian banking system is a lack of confidence on the part of both lender and borrower.

Loan growth for the banking sector has decelerated sharply over the last 12 months, with the latest print at 7.1% YoY, as of Dec 2019. Banking system retail loan growth (after adjusting for securitised loans procured from NBFCs) moderated to 12.3% in H1-FY20, as per CRISIL, the weakest since FY15. The loan growth will continue to be difficult to come by for the banking sector in 2020, and it may be difficult to call the bottom for system loan growth until there are visible signs of a pick-up in overall capex, which continues to be a sore spot; bottoming out of corporate asset quality pressures; and pick-up in overall economic activity which has been a dampener over the past 12 months.

The country's banking industry eyes better days with a mega merger of public sector lenders as well as massive capital infusion into them and the government's assurance that bankers will not be harassed for genuine decisions that went haywire will provide succour.

As per the Union Budget FY2019-20, investment-driven growth requires access to low cost capital, which requires investments of INR 20 lakh crores (USD 286.16 Billion) every year. Reserve Bank of India (RBI) has decided to set up Public Credit Registry (PCR), an extensive database of credit information which is accessible to all stakeholders. The Insolvency and Bankruptcy Code (Amendment) Ordinance, 2017 Bill has been passed and is expected to strengthen the banking sector. In June 2019, RBI sets average base rate of 9.18% for non-banking financial companies and micro finance institutions borrowers for quarter beginning of July. The total equity funding of microfinance sector grew at the rate of

## Management Discussion And Analysis (Contd.)

42% year-on-year to INR 14,206 crore (USD 2.03 Billion) in FY2019-20.

### Non-Banking Financial Companies (NBFCs)

NBFCs have emerged as an alternative to mainstream banking. NBFCs have contributed to infrastructure, transportation, employment generation and wealth creation and have kept pace with the rapid technological changes and the market environment. They have been successful in filling the gap in credit availability to retail customers in underserved and unbanked areas, fuelling the growth of entrepreneurial ventures in various parts of the country.

Over the past year, Mutual Funds have cut their debt exposure to NBFC by 30% and NBFCs have in turn increased sell-downs and higher bank funding. NBFC exposure for most PSU banks is now 10-15% of their loan book. Debt markets continue to differentiate, and long-term funding is still available to only a select few. For short-term paper, the spread on borrowing costs among NBFCs have widened to historic highs. Recently, with divergent trends visible even for sell-downs from NBFCs, the funding options for the perceived stressed names have reduced further. The liability-side crunch has directly led to many NBFCs getting stunted when it comes to asset growth, which in turn negatively affects small businesses as it further shrinks their availability of formal credit. This can be seen in NBFC share of MSME credit, which reduced from 14.0% in March 2019 to 12.8% in September 2019 – the first such decline in two years.

In a bid to boost lending, the central bank introduced a USD 14 Billion facility of cheap funds for NBFCs and removed a mandatory requirement for lenders to set aside cash for every new loan extended to retail automobiles, residential housing and small businesses. The Reserve Bank of India (RBI) has introduced securitization of assets by non-banking financial companies (NBFCs) which is expected to provide NBFCs with some more breathing space to repair their broken balance-sheets by selling assets and improving liquidity.

Indian SMEs have also been affected by the broader economic slowdown in 2019, and this has manifested in higher NPAs at SME focused lenders. NBFC SME NPAs have risen from 4.2% in December 2018 to 5.4% in June 2019. Given the recent COVID-19 crisis, the impact on delinquencies in SME loan books has not yet been registered, but an increase is expected with the level of impact being largely dependent on sector.

A healthy, growing NBFC sector is important to achieve the 2024 GDP milestone, as well as moving India forward towards a developed nation status by improving social indicators such as employment rate, per capita income, and percentage of population below the poverty line.

### Indian MSME Sector

The Indian Micro, Small & Medium Enterprises (MSMEs) are the harbingers of entrepreneurial innovations in the country, offering novel products and services across various sectors. The industry is serving not just domestic but also the global markets through its revolutionary offerings.

The Annual Report of Ministry of Micro, Small and Medium Enterprises for FY2018-19 states that there are 633.88 lakh unincorporated non-agriculture MSMEs in the country engaged in different economic activities. MSMEs are an aspirational block with a hunger for growth – contributing to 6.11% of the manufacturing GDP, 45% of manufacturing output, 40% of overall exports.

**The sector is currently seeing a huge credit gap. According to a BizFund report, only 16% of MSMEs in India receive formal credit leaving more than 80% of these companies under-financed or financed through informal sources. Informal credit ends up being much more expensive than formal debt making it difficult for MSMEs to address accumulated debt burden.**

A combination of factors is allowing companies in the fintech domain to cater to this credit gap. The first one is the continued effort by the government to digitise MSMEs – through skill development, GST rollout, and a wider availability of Aadhaar based KYC to catalyse growth on all fronts. This has provided opportunities to fintech companies to provide data and technology-based services to MSMEs. The second factor is the availability of alternate data (cashflows, online reputation etc.) over traditional data inputs like financial assets and collateral. The third is the availability of technology to assess data that can help in building credit models that can be tailored to different segments of MSMEs.

The SME sector currently gives employment to more than 110 Million Indians across both rural and urban areas; and overall contributing 29% to India's GDP. Furthering its increasing potential, the sprouting sector is expected as per the current



## Management Discussion And Analysis (Contd.)

government, to add significantly to the USD 5 Trillion economy target by 2024.

### Covid Impact

The COVID-19 pandemic has taken over 195 countries under its grip and has disrupted the ecosystem of several sectors which serve as the backbone of the global economy. With the number of rising cases across the globe, it is a testing time for companies, particularly SMEs, to survive this pandemic and maintain business viability as the economy slowly recovers.

There is no doubt that the Indian economy, which was already decelerating, is growing at one of the lowest rates in the last six years. CRISIL forecasts India's GDP to contract 5% in fiscal year 2021. And now, a new set of economic challenges unleashed by this virus is damaging a range of sectors. According to a study commissioned by All India Manufacturers Organization (AIMO), India is currently home to over 75 million MSMEs and close to 25% of these firms could face closure or stress in their working capital if the lockdown imposed due to the COVID-19 continues. MSMEs form the backbone of the Indian economy and are a crucial segment particularly in terms of allowing the underprivileged to beat the poverty trap.

The short-term measures announced by the government in its stimulus package are oriented towards reducing financial stress in the vulnerable sections of the economy - particularly for MSMEs. These sections are facing maximum burden owing to the lockdowns. MSMEs have seen their most severe crunch in cash flows because of loss of sales. The INR 3 lakh crores emergency credit line will ensure that 45 lakh units will have access to working capital to resume business activity and safeguard jobs. For two lakh MSMEs which are stressed, the Centre will facilitate provision of INR 20,000 crores as subordinated debt. An INR 50,000 crores equity infusion is also planned, through an MSME fund of funds with a corpus of INR 10,000 crores.

Despite the above challenges faced in the sector, it is important to identify and fund the good borrowers MSMEs that have consistently shown strong business viability and deserve to be provided financial assistance in the current situation. Supply chains are virtually at a standstill, which is causing working capital gap to widen. Borrowers with high liquidity will be in a better position to service their stretched working capital cycles. It is imperative for U GRO Capital and other lenders to fulfil their societal role at this critical juncture, and ensure that strong SMEs are provided enough capital to survive, and indeed thrive, in post-COVID times.

## Risks and Concerns

### Risk Management Process

The risk management framework is based on assessment of all risks through proper analysis and understanding of the underlying risks before undertaking any transactions and changing or implementing processes and systems. This risk management mechanism is supported by regular review, control, self-assessments, backtesting and monitoring of key risk indicators. The key risks at U GRO Capital are:

#### Liquidity Risk

Liquidity risk entails being unable to raise funds from the market at optimal costs to meet operational and debt servicing requirements. Liquidity risk is mitigated at U GRO Capital by the regular meetings of the Asset Liabilities Committee (ALCO) to review the liquidity position based on future cash flows. The Company also maintains adequate liquid assets and reserves and has access to funding to hedge against unexpected requirements.

#### Interest Rate Risk

Fluctuations in interest rates can adversely affect borrowing costs, interest income and net interest margins of lenders. Interest rate risk is mitigated at U GRO Capital through policies and quantifiable limits are in place that involve assessment of various types of risks and modifications in assets and liabilities.

#### Operational Risk

Operational risk arises when the flow of and controls over the operations of the company are lacking, which has adverse impact on the continuity of business, reputation, and profitability of the company. Operational risk is mitigated at U GRO Capital through the adoption of contemporary and proficient operational methods and systems. Faster loan disbursement through quick credit appraisals has defined the operational benchmarks for the Company. Additionally, regular internal audit reviews provide a check on any contingent deviation from operational efficiency.

#### Credit Risk

Credit risk is the risk of default or non-repayment of loan by a borrower which involves monetary loss to the Company, both in terms of principal and interest. Credit risk is mitigated at U GRO Capital through our stringent analytics-driven underwriting and post-disbursement monitoring, which combine to ensure high quality of loan assets with minimized probability of default.

#### Business Risk

U GRO Capital, being an NBFC, is exposed to various external risks which have direct bearing on the sustainability

## Management Discussion And Analysis (Contd.)

and profitability of the Company. Foremost amongst these are Industry Risk and Competition Risk. The volatile macroeconomic conditions and changes in sector attitude in various economic segments can cause loan asset impairment in underlying small businesses. Business risk is mitigated at U GRO Capital through a number of methods. We continuously monitor trends in the economy, especially as they pertain to our chosen sectors. With increasing competition in the financial markets, the business growth of the Company is now subject to its ability to face competition. We have developed tailor-made products to deepen our market penetration. Equipped with an enthusiastic sales force, broad range of specific loan products, continuous efforts to improve turnaround times and a customer-centric culture, the Company is built to withstand market competition.

### Regulatory Risk

Regulatory risk is the risk of change in laws and regulations materially impacting the business. Regulatory risk is mitigated at U GRO Capital by full adherence of all applicable periodic guidelines issued by the RBI. The Company has put in place robust systems and processes to ensure compliance with all the applicable regulations.

### Human Capital Risk

Human capital risk is the gap between the goals of the organisation and the skills of its workforce. Human capital risk is mitigated at U GRO Capital by an excellent work culture which stresses excellence on the job while maintaining a strong work-life balance. The compensation paid by the Company is comparable with industries of its class and size. We hire qualified personnel required for technical jobs and also train the personnel to handle their jobs more efficiently and effectively.

## U GRO FY19-20 Business Review

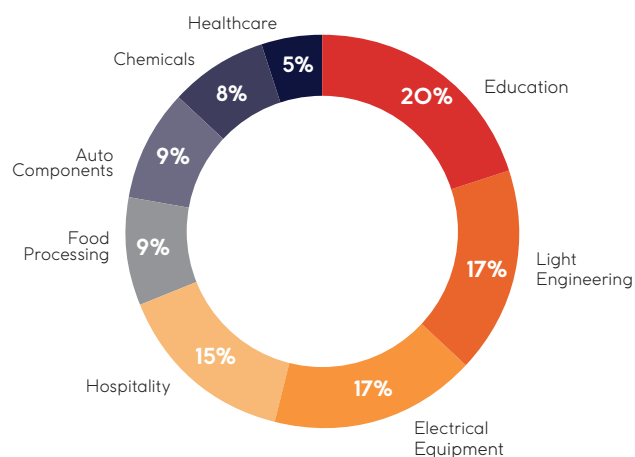
U GRO Capital's presence in the small business lending space in India is at a nascent stage, and yet we have several notable accomplishments in FY19-20, our first year

of lending operations. We have built a fully formed team of 165 employees with top educational and professional backgrounds, with significant expertise and experience in core business areas. This past year has notably seen us sign co-lending partnerships with some of India's largest and most trusted banks, including State Bank of India, Bank of Baroda and ICICI Bank. Garnering the trust of such vaunted financial institutions when it comes to our origination and underwriting so early in our journey is indicative of the tremendous progress we have demonstrated to the wider market.

Despite the broader macroeconomic challenges in this period, we have managed to activate all four of our disbursal channels, made significant technological progress and fostered partnerships that are core to the future growth of the business, while concurrently achieving a sizeable and high-quality loan book. Our technology modules have successfully launched this year and have each facilitated our origination and underwriting processes within their specific channels. The current product splits in our loan portfolio are given below:

Category	Share in Total (%)
Secured Business Loans (Property Collateral)	37.4%
Secured Business Loans (Machinery Collateral)	0.2%
Onward Lending	7.8%
Unsecured Business Loans	26.4%
Supply Chain Financing	21.7%
Microenterprise Loans	6.5%

As far as our sectoral disbursal numbers are concerned, we have disbursed loans to our selected 38 sub-sectors from the selected 8 sectors. We have disbursed loans to more than 7,500 customers and the bifurcation between sectors is shown below:



## Management Discussion And Analysis (Contd.)

We have achieved disbursements through traditional, ecosystem, BFSI and digital channels, which has led to the formation of a diversified book across five broad product lines. Our digital channel was successfully launched in beta phase in December 2019 and has achieved disbursements of small ticket loans.

Across our offered products, our average ticket size stood at INR 11.1 Lakhs and our average lending rate stood at 14.3 % which is broken down as follows for each business segments::

	Secured Loans	Unsecured Loans	Supply Chain Financing	Microenterprise Loans	Overall
AUM	INR 391 Crores	INR 227 Crores	INR 187 Crores	INR 56 Crores	INR 861 Crores
Average Ticket Size	INR 222.1 lakhs	INR 17.9 lakhs	INR 105.6 lakhs	INR 0.9 lakhs	INR 11.1 lakhs
Average Yield	11.7%	18.9%	13.3%	15.7%	14.3%

On the Liability side, we have received an A1 (Stable) rating from Acuité Ratings and Research Limited for our short-term obligations, and an A (Stable) for our long-term bank facilities. We maintain low leverage till date and a CRAR of 85%, assuring our liquidity position in this turbulent period.

U GRO Capital is a liability-centric organization, and we were founded on the belief that Indian lenders face greater challenges liability-side than asset-side. Our ALM policies are stringent in order to minimize asset-liability mismatch, mainly through securitization of >5 year tenor loans to ensure that the mismatch is funded by equity. Despite our large equity base and having immediately available liquidity, we have raised INR 300 Crores from a diverse set of lenders and incurred carry costs in order to establish long-term relationships with banking partners and build a track record of borrowing.

## Human Resources

We continued to focus on hiring high performing talent and strengthened the organization pyramid at front-line and middle level to bolster our overall operational efficiency, execution capability and expand our geographical footprint to 9 locations pan India. U GRO Capital grew by 75 in talent count in FY2020 and reached a count of 165. Our well-planned efforts helped us achieve a lean yet a highly effective organization structure.

FY2020 was the also of laying strong foundation for employee engagement by adopting and putting people practices in place. Structured interventions and programs were launched to up the assimilation, engagement and wellness quotient of employees.

### Employee Engagement Framework at U GRO Capital

#### Employee Wellness

- Health and Wellness Initiative
- Group Term and Group Health Programs

#### Onboarding

- Hiring Right and Top Talent
- Effective Assimilation with Robust Induction and Buddyup program

#### Engagement and Communication

- Unwind
- Quarterly Townhalls by CEO
- Coffee and connect by CMD
- Rewards and Recognition
- GRO Ideas

#### Development

- Manager Assimilation Programs
- Need Based Learning Plans

#### Performance

- SMART Goals for All
- Productivity Governance Framework
- Biannual Performance Feedback

#### Governance

- Succession Framework for Critical Roles
- POSH committee and awareness
- HRBP Architecture

FY19-20 has seen us achieve profitability within one year of commencing our lending operations, a difficult feat given our investments in building our team and our technological backbone. We have achieved a profit of INR 19.5 Crores, which is significant when accounting for the challenging macroeconomic situation and the numerous one-time expenses relating to setting up our business.

Source: CRISIL Report, Outlook India, MSME Pulse report

## Management Discussion And Analysis (Contd.)

The company has identified the following ratios as key financial ratios:

INR in Lakhs

Particulars	Current Year ended 31 <sup>st</sup> March, 2020	Previous Year ended 31 <sup>st</sup> March, 2019
	Amount (INR)	Amount (INR)
Total Income	10,514.37	4,393.6
Total Expenditure	10,182.58	3,872.21
Exceptional Item	-	366.67
Profit after Tax	1,951.86	394.64
Net Worth	91,106.35	61,155.84
Debt Equity Ratio	0.28	0.03
CRAR (%)	88.25	213.55

### Details of changes in return of Net Worth:

Particulars	Current Year ended 31 <sup>st</sup> March, 2020	Previous Year ended 31 <sup>st</sup> March, 2019
Return on Net Worth	2.14%	0.65%

# DIRECTORS' REPORT

Your Directors have pleasure in presenting the 27<sup>th</sup> Annual Report and the Audited Statement of Accounts of your Company for the financial year ended 31<sup>st</sup> March 2020.

## FINANCIAL HIGHLIGHTS

(INR in Lakhs)

Particulars	Year ended 31 <sup>st</sup> March 2020	Year ended 31 <sup>st</sup> March 2019
Total Income	10,514.37	4,393.60
Total Expenditure	10,182.58	3,872.21
Profit Before Tax and exceptional items	331.79	521.39
Exceptional items	0.00	366.67
Profit before tax	331.79	154.72
Provision for Tax	(1,620.07)	(239.92)
Profit after tax	1,951.86	394.64
Other comprehensive income	0.02	0.15
Profit available for appropriation	1,951.88	394.79
Appropriations:		
Transfer to Reserve Fund under Section 45-IC of the RBI Act, 1934	390.37	29.11
Dividend paid for F.Y. 2018-19	0.00	164.45
Dividend Tax thereon for F.Y. 2018-19	0.00	33.80
Transfer to General Reserve	0.00	0.00
Share conversion expenses	32.31	0.00
Balance carried forward to Balance Sheet	1,529.20	167.43

## DIVIDEND

Directors have not recommended any Dividend for the Financial Year 2019-20.

## REVIEW OF OPERATIONS

Your Company completed its first full financial year of lending operations in FY2019-20, with a total of INR 1,284 crores disbursed across a broad range of products in this financial year. This year saw the launch of our Ecosystem and Direct Digital channels in addition to the traditional branch-led channel and BFSI channel, completing the initiation of all four prongs of our distribution model. Your Company has also launched an associated technology module for each distribution channel, to facilitate and digitalize the lending process.

Your Company recorded total income of INR 10,514.37 lakhs for the year ended 31<sup>st</sup> March 2020 as compared to INR 4,393.60 lakhs for the year ended 31<sup>st</sup> March 2019. The Company recorded a net profit of INR 1,951.85 lakhs for the year ended 31<sup>st</sup> March 2020 as compared to INR 394.64 lakhs for the year ended 31<sup>st</sup> March 2019.

## COVID-19 PANDEMIC

The COVID-19 Pandemic has disrupted global economy and created unprecedented challenges. The COVID-19 Pandemic has caused nationwide closures which has led to work and supply shortages, the earnings of all the revenue generating bodies (whether individual, small businesses or body corporate) have been hugely hindered.

The work from home was fully made operational from 20<sup>th</sup> March 2020. Since the systems are cloud enabled all the functions can be carried out without reaching office. All systems like risk, operations, banking, technology were tested much before the work from home was implemented. the routine work takes place in seamless manner, the focus of management continues to ensure safety of its employees.

The Government of India and RBI has introduced several liquidity and stimulus measures to support the NBFC industry, however those are yet to show tangible results. We expect, post lockdown period, measures will start reaching end - customers and economic recovery will commence.



## Directors' Report (Contd.)

We have taken lockdown as an opportunity to interact with our customers to understand the impact, ground feel and decide on future line of sight. Two round of surveys were conducted, first soon after onset of first lockdown and second after announcement of moratorium 1.0 and onset of second lockdown when relaxation was allowed. Major outcome of second survey are below:

- a. **Time to restore normal business** - 93% expect to return to normalcy in < 6 months
- b. **Manufacturers** - 86% feel they can restart production in <30 days post lockdown
- c. **Service** - 90% feel they will get advances or with a cash conversion cycle of < 60 days
- d. **Traders** - 88% feel they will have cash conversion cycle of < 60 days
- e. **Need of funds** - ~60% respondents mention need of extra funds (own/ borrowed)

Information collected during survey shall be used to implement any schemes announced by Government as a part of any financial stimulus and any future offerings, wherein assessment is based on business resilience and futuristic cashflows.

We have also proposed to transform from traditional to fully digital touchpoint with borrowers. We aim to develop a robust digital interaction model which will be a revolution. The success of which is largely dependent upon digital platform, technology, Artificial Intelligence, Machine Learning and surrogate verification of business model. This is first of its kind in Indian lending industry. There are additional risk factors associated which is proposed to be mitigated by stringent validation checks and use of technology.

### SUBSIDIARY COMPANIES

Your Company has no subsidiaries as on 31<sup>st</sup> March 2020. There are no associate companies or joint venture companies within the meaning of Section 2(b) of the Companies Act, 2013 ("the Act").

Further, pursuant to the provisions of Section 136 of the Act, the financial statements of the Company, along with relevant documents are available on the website of the Company.

### RESERVES

The amounts proposed to be transferred to general reserve, statutory reserve and ESOS reserve are mentioned in financial statements.

### CHANGE IN SHARE CAPITAL

During the financial year 2019-20, the Company has allotted following equity shares upon conversion of Compulsory Convertible Debentures (CCDs), Compulsory Convertible Preference Shares (CCPs) and Warrants:

- a) Conversion of 1,38,37,210 CCDs into equal number of equity shares.
- b) Conversion of 1,38,37,210 CCPs into equal number of equity shares.
- c) Conversion of 59,56,757 Convertible Warrants into equal number of equity shares.

The Hon'ble National Company Law Tribunal, Mumbai Bench ('Hon'ble NCLT') vide order dated 13<sup>th</sup> June 2019 had approved the Scheme of Arrangement between Asia Pragati Capfin Private Limited ("APCPL") and U GRO Capital Limited and as per terms of Scheme of Arrangement, the Company has allotted 1,35,65,891 equity share of INR 10 each to DBZ (Cyprus) Limited, shareholder of the APCPL.

As on 31<sup>st</sup> March 2020, the issued, subscribed and paid up share capital of your Company stood at INR 70,52,85,500/- comprising of 7,05,28,550 Equity Shares of INR 10/- each.

### FUND RAISING

During the year under review, your Company has raised funds through diverse methods, in addition to regular borrowings in the form of term loan facilities from Banks/financial institutions.

Your Company has issued Secured, Redeemable, listed Non-Convertible Debentures ("NCDs") aggregating to INR 50 Crores on a private placement basis. The said NCDs were listed on the BSE Limited. As per the terms of the offer document, the funds raised from NCDs were utilised for the purpose of onward lending. These NCDs have been redeemed at par on 13<sup>th</sup> April 2020.

The Company has securitized a loan portfolio of INR 5,820 lacs by issuing Pass Through Certificates (PTCs) for INR 5,239 lacs @ 10% to 10.48 % via SME190930 Series 1 trust and SME200130 Series 2 trust managed by Beacon Trusteeship Limited with a credit enhancement of 20% portfolio in the form of cash collateral and over-collateralization and excess interest spread of 4% - 12%.

### PUBLIC DEPOSITS

The Company has not accepted any deposits from public and as such, no amount on account of principal or interest on deposits from public was outstanding as on the date of the

## Directors' Report (Contd.)

balance sheet.

### DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP)

#### **Board of Directors:**

The Company has 13 (Thirteen) Directors on the Board, out of which 7 (Seven) are Independent Directors including one Woman Director as on 31<sup>st</sup> March 2020. The Board composition is in compliance with the requirements of the Act, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and RBI Master Directions.

Mr. Nisheeth Saran has been appointed as an Alternate Director to Mr. Kanak Kapur, Non-Executive Director, at the Board Meeting held on 20<sup>th</sup> May 2020 with effect from that date.

In accordance with the provisions of the Act and the Articles of Association of the Company, Mr. Amit Gupta (DIN: 02282600), Non-Executive Director, retires by rotation and being eligible has offered himself for re-appointment. The Board recommends the same for the approval of the shareholders.

#### **Key Managerial Personnel:**

Mr. Shachindra Nath, Executive Chairman & Managing Director, Mr. Abhijit Ghosh, Whole-time Director & Chief Executive Officer, Mr. Kalpeshkumar Ojha, Chief Financial Officer and Mr. Aniket Karandikar, Company Secretary of the Company have been designated as the Key Managerial Personnel of the Company (KMP) pursuant to the provisions of the Act.

There has been no change in the KMP during the financial year 2019-20.

### CAPITAL ADEQUACY RATIO:

Your Company's total Capital Adequacy Ratio (CAR), as of 31<sup>st</sup> March 2020, stood at 88.25% of the aggregate risk weighted assets on balance sheet and risk adjusted value of the off-balance sheet items, which is above the regulatory minimum of 15%.

### RBI GUIDELINES

The Company continues to comply with all the applicable regulations prescribed by the Reserve Bank of India ("RBI"), from time to time.

### REPORT ON CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION AND ANALYSIS

Pursuant to SEBI Listing Regulations Management Discussion and Analysis and Corporate Governance Report are part of this Annual Report. The Certificates from M/s. Pankaj Nigam and Associates, Practicing Company Secretaries regarding Compliance of the conditions of Corporate Governance as stipulated by SEBI Listing Regulations are attached to this report.

### BUSINESS RESPONSIBILITY REPORT

Pursuant to Regulation 34(2)(f) of SEBI Listing Regulations, read with SEBI Circular No. CIR/ CFD/CMD/10/2015 dated 4<sup>th</sup> November 2015, the 'Business Responsibility Report' (BRR) of the Company for FY 2019-20 is forming part of the Annual Report.

### FAMILIARIZATION PROGRAMME FOR INDEPENDENT DIRECTORS

The Company familiarizes its Independent Directors with the Company, their roles, rights, responsibilities in the company, nature of the industry in which the company operates, business model of the company etc. through various programs. The details of such familiarization programme are disclosed on the Company's website viz. [www.ugrocapital.com](http://www.ugrocapital.com).

### DECLARATION OF INDEPENDENCE

The Company has received the declarations from all the Independent Directors as per the Section 149(7) of the Act and Regulation 16 (l) (b) of the SEBI Listing Regulations and the Board is satisfied that all the Independent Directors meet the criteria of independence as mentioned in section 149(b) of the Act and Regulation 16 (l) (b) of the SEBI Listing Regulations.

### ANNUAL EVALUATION BY THE BOARD OF DIRECTORS

The Board of Directors have carried out annual evaluation of its own performance, performance of the Committees of the Board, Executive Chairman & Managing Director, Whole-time Director & Chief Executive Officer and individual Director pursuant to the provisions of the Act and SEBI Listing Regulations. The performance of the Board was evaluated by the Board after seeking inputs from all the Directors on the basis of predefined criteria such as the Board composition and structure, effectiveness of Board processes, information and functioning, etc. The performance of the Committees was also evaluated by the Board after seeking inputs from the Committee

## Directors' Report (Contd.)

members on the basis of criteria such as the composition of Committees, effectiveness of Committee meetings, fulfilment of roles & responsibilities as per the Charter of each Committee and adherence to defined policies and internal procedures etc. The above criteria are based on the Guidance Note on Board Evaluation issued by the Securities and Exchange Board of India on 5<sup>th</sup> January 2017. A separate meeting of Independent Directors of the Company was held on 30<sup>th</sup> January 2020. Performance evaluation of Independent Directors was carried out by the entire Board, excluding the Independent Director being evaluated.

### CODE OF CONDUCT

U GRO Capital has formulated a Code of Business Conduct and Ethics for Board of Directors and Senior Managerial Personnel.

The confirmation of compliance of the same is obtained from all concerned on an annual basis. All Board Members and Senior Managerial Personnel have given their confirmation of compliance. A declaration duly signed by Whole Time Director and Chief Executive Officer is given under Corporate Governance Report as a separate section in this Annual Report. The Code of Business Conduct and Ethics for Board of Directors and Senior Managerial Personnel is also posted on the website of the Company.

### BOARD MEETINGS HELD DURING THE YEAR

The Board of Directors of the Company met 6 (Six) times during the financial year 2019-20. The details of the Board Meetings and the attendance of the Directors are given in Corporate Governance Report, which forms part of this Annual Report.

### COMMITTEES OF THE BOARD

Your company has constituted various Committees required under the Act read with applicable Rules made there under and the SEBI Listing Regulations and as per RBI Master Directions.

Details regarding mandatory and non-mandatory Committees as on 31<sup>st</sup> March 2020 are provided in the report in the Corporate Governance Section which forms part of this Annual Report.

### INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has in place adequate internal controls with reference to financial statements and operations and the same

are operating effectively. The internal auditors tested design and effectiveness of key controls and no material weaknesses were observed in their examination. The details in respect of internal financial control and their adequacy are included in the Management Discussion and Analysis, which forms part of this Annual Report.

### DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 134(5) of the Act, the Board of Directors confirms that, to the best of its knowledge and belief:

- a) in the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March 2020 the applicable accounting standards had been followed along with proper explanations relating to material departure;
- b) we have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March 2020 and of the profit and loss of the Company for that year;
- c) proper and sufficient care had been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the financial statement of the Company had been prepared on a going concern basis;
- e) we have laid down internal financial controls to be followed by the Company which are adequate and were operating effectively; and
- f) we have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

### PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS UNDER SECTION 186 OF COMPANIES ACT 2013

Details of loan, guarantee and investments covered, if any are

## Directors' Report (Contd.)

provided in the notes to the Financial Statements.

### **PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES**

All the related party transactions during the financial year were at arm's length basis and are in compliance with the applicable provisions of the Act and SEBI Listing Regulations. There were no material significant related party transactions entered into by the Company with Promoters, Directors or Key Managerial Personnel etc. which may have potential conflict of interest with the Company at large.

All the related party transactions are presented to the Audit Committee and Board for their approval. A statement of all related party transactions is presented before Audit Committee on quarterly basis, specifying the nature, value and terms and conditions of the transactions.

The related party transaction policy of the Company as approved by the Board is available on website of the Company.

The information on transactions with related parties pursuant to Section 134(3)(h) of the Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014 are given in Annexure- I in Form No. AOC-2 and the same forms part of this report.

### **PARTICULARS OF EMPLOYEES AND REMUNERATION:**

The information required in terms of Section 197 (12) of the Act read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rule, 2014 is given below:

A. Information as per Rule 5 (1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

a) The ratio of remuneration of each director to median remuneration of the employees of the Company for the financial year:

<b>Name of Director</b>	<b>Ratio to median remuneration</b>
Shachindra Nath	25.2:1
Abhijit Ghosh	12.4:1

b) The percentage of increase in remuneration of each Director, Chief Financial Officer, Company Secretary in the financial year:

<b>Role</b>	<b>% increase in compensation</b>
Executive Chairman & Managing Director	5%
Whole-time Director & Chief Executive Officer	3.5%
Chief Financial Officer	0% (was not eligible for performance appraisal for the year)
Company Secretary	0% (was not eligible for performance appraisal for the year)

- c) Percentage of increase in the median remuneration of employees during the financial year ended 31<sup>st</sup> March 2020: (-) 19.3%
- d) Number of permanent employees on the rolls of the Company as on 31<sup>st</sup> March 2020: 165 employees
- e) Average percentage increase made in the salaries of employee other than the Managerial Personnel in the financial year was 5.89% vis a vis an increase of 3.39% in the salaries of Managerial Personnel.
- f) Affirmation that the remuneration is as per remuneration policy of the Company: Yes.

B. Information as per Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

The statement containing names of top ten employees in terms of remuneration drawn and the particulars of employees as required under Section 197(12) of the Act read with Rule 5 (2) and 5 (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided in a separate annexure forming part of this report. Further, the report and the accounts are being sent to the Members excluding the aforesaid annexure. In terms of Section 136 of the Act, the said annexure is open for inspection and any Member interested in obtaining a copy of the same may write to the Company Secretary (cs@ugrocapital.com).

### **MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION OF THE**



## Directors' Report (Contd.)

### COMPANY OCCURRED BETWEEN 31<sup>ST</sup> MARCH 2020

There is no material change and commitments which affected financial position of the Company, which occurred after 31<sup>st</sup> March 2020.

### CONSERVATION OF ENERGY

#### A. Conservation of energy-

i.	The steps taken or impact on conservation of energy;	Not Applicable
ii.	The steps taken by the company for utilizing alternate sources of energy;	Not Applicable
iii.	The capital investment on energy conservation equipment's;	Not Applicable

#### B. Technology absorption-

- |     |  |   |
|-----|--|---|
| i.  | The efforts made towards technology absorption;  | <p>Digital content generation and processing of the financials of a prospective customer - all types of financials which can be collected from a customer i.e., balance sheets, P&amp;L statements, GST returns and bank statements are collected through the system and converted into digital content, which is further used to derive the different evaluations through the system, which usually are done manually otherwise, in the credit underwriting process.</p> <p>Building a comprehensive business rules engine for evaluation - the first level of credit underwriting is done through the technology platform itself, where all the policies for credit worthiness checks and eligibility calculations are coded in the platform for a direct evaluation based on the digital content extracted from the financial details and other sources during the profile submission process.</p> <p>Extending the automated flow in all new initiatives and partnerships - the core technology platform built for profile evaluation is now extended to all the new initiatives such as onward and self-initiated co-lending where the co-lending partners also get to review the digitized credit underwriting process used for evaluation and further the end-to-end processing till loan disbursement is enabled through the system itself.</p> <p>Implementation of Gro Direct Channel to onboard the Customers on Self Service Model. This is a powerful channel to Onboard a Customer Digitally without requirement of any Sales Channel. Significant progress has been made on this channel and we are seeing positive traction and growth over this channel.</p> |
| ii. | The benefits derived like product improvement, cost reduction, product development or import substitution; | <p>Reduced Turn Around Time (TAT) on credit underwriting process - since the first level of profile evaluation and loan eligibility calculation is done by the technology platform, and that too in a time-frame of maximum 1 hour post profile submission, on any type of profile, the overall TAT for loan sanctions has reduced significantly.</p> <p>Enhanced digitization technology platforms - with an aim to reduce costs and TAT and enable more efficient processes, programs such as KYC and PD in video mode, complete digital framework for documents collections, etc. are being implemented.</p>   |

## Directors' Report (Contd.)

iii. In case of imported technology (imported during the last three years reckoned from the beginning of the financial year-

- a) the details of technology imported;
- b) the year of import;
- c) whether the technology been fully absorbed;
- d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and

Not applicable, no imported technology

iv. The expenditure incurred on Research and Development.

### C. Foreign exchange earnings and Outgo-

(₹ in lakhs)

	Year ended 31 <sup>st</sup> March 2020	Year ended 31 <sup>st</sup> March 2019
Other Expenses	1.30	-
Exchange earned	-	-

### REMUNERATION POLICY OF THE COMPANY

The remuneration policy of the company comprising of the appointment and remuneration of the Directors, Key Managerial Personnel and Senior Managerial Personnel of the Company including criteria for determining qualifications, positive attributes, independence of a Director and other related matters has been provided in the Corporate Governance Report which is attached to this Report and is also available on Company's website. Remuneration Policy is enclosed herewith as Annexure II.

### VIGIL MECHANISM / WHISTLE BLOWER POLICY

Pursuant to the Section 177(9) and 177 (10) of the Act and Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 22 of SEBI Listing Regulations, the Board of Directors have approved the Policy on Vigil Mechanism / Whistle Blower and the same has been hosted on the Website of the Company. <https://www.ugrocapital.com/investor-relations>

This Policy inter alia provides a direct access to the Chairman of the Audit Committee. Your Company hereby affirms that no Director / employee have been denied access to the Chairman of the Audit Committee and that no complaints were received during the year.

### PREVENTION OF INSIDER TRADING

The Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated employees of the Company. The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed. The Board is responsible for implementation of the Code.

### DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company follows a strict zero tolerance sexual harassment at workplace and adopted the policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules thereunder for prevention and redressal of complaints of sexual harassment at work place.

The disclosure in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 for the year ended 31<sup>st</sup> March 2020 is as follows:

Number of complaints filed during the financial year	NIL
Number of complaints disposed during the financial year	NIL
Number of complaints pending at the end of the financial year	NIL

## Directors' Report (Contd.)

### STATUTORY AUDITOR'S AND THEIR REPORT

M/s Deloitte Haskins & Sells LLP, Chartered Accountant, (Firm Registration No. 117366W/W-100018) was appointed as Statutory Auditors at the twenty fifth AGM held on 3<sup>rd</sup> July 2018 for a period of five years commencing from the conclusion of the Twenty Fifth AGM till the conclusion of the Thirtieth Annual General Meeting of the company.

Further, the report of the Statutory Auditors is provided in the financial section of the Annual Report. The observations made in the Auditors' Report are self-explanatory and do not contain any qualification, reservation or adverse remark. Therefore, it does not call for any further comments.

### INTERNAL AUDITORS

Pursuant to the provisions of Section 138 of the Act, 2013, the Board of Directors of the Company has appointed M/s PricewaterhouseCoopers, as an Internal Auditor of the Company from 1<sup>st</sup> April 2020 to 31<sup>st</sup> March 2021 and Internal Audit is carried out on a quarterly basis.

### SECRETARIAL AUDITOR

In terms of Section 204 of the Act and Rules made there under, M/s. Pankaj Nigam and Associates, Company Secretary in Practice, has been appointed as Secretarial Auditor of the Company. The report of the Secretarial Auditor is enclosed as Annexure-III to this report.

The report is self-explanatory and does not contain any qualification or adverse remark. Therefore, it does not call for any further comments.

Further, the Company has received certificate of Non-Disqualification of Directors from M/s. Pankaj Nigam and Associates, Company Secretary in Practice. The same is enclosed as Annexure IV to this report.

### CHANGE IN NATURE OF BUSINESS

There has been no change in the nature of business of the Company during the financial year ended 31<sup>st</sup> March 2020.

### DETAILS AND STATUS OF ACQUISITION, MERGER, EXPANSION, MODERNIZATION AND DIVERSIFICATION

The Hon'ble National Company Law Tribunal, Mumbai Bench ('Hon'ble NCLT') vide order dated 13<sup>th</sup> June 2019 had approved the Scheme of Arrangement ("Scheme") between Asia Pragati Capfin Private Limited ("APCPL") and U GRO Capital Limited and their respective shareholders and creditors under Section 230-232 read with Section 52 and Section 66 of the the Act and other relevant provisions of the Act and as per the scheme approved by NCLT, 1<sup>st</sup> April 2018 was the appointed date. APCPL is also a Non-Banking Financial Company, the lending business of APCPL has been transferred to U GRO Capital.

The Scheme is effective from date of obtaining requisite approval or filing of certified true of the order of the Hon'ble NCLT with the Registrar of Companies, whichever is later. The certified copy of NCLT order was filed with Registrar of Companies, Mumbai on 30<sup>th</sup> June 2019, therefore the scheme became effective from 30<sup>th</sup> June 2019.

### EXTRACT OF ANNUAL RETURN

As per the requirements of Section 92(3) of the Act and Rules framed thereunder, the extract of the annual return in Form MGT-9 as on 31<sup>st</sup> March 2020 is attached as Annexure V of this report.

### RISK MANAGEMENT

The Board of Directors of the Company has formed a Risk Management Committee to frame, implement and monitor the risk management plan for the Company. The Committee is responsible for monitoring and reviewing the risk management plan and ensuring its effectiveness. The Audit Committee has additional oversight in the area of financial risks and controls. The major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis. The various risks are categorized as High risk, Medium risk and Low risk and appropriate steps/measures are taken/initiated, to mitigate the identified risks from time to time.

### EMPLOYEE STOCK OPTIONS DISCLOSURE

During the financial year 2019-20 the Company has granted 2,70,768 stock options to the eligible employees. The Board of Directors hereby confirm that there is no material change in Employee Stock Option Scheme (ESOS) of the Company and the scheme is in compliance with the SEBI (Share Based Employee Benefits), 2014.

## Directors' Report (Contd.)

Disclosure in compliance with the SEBI (Share Based Employee Benefits) Regulations, 2014 and the Act is available on the website of the Company at the following link: [www.ugrocapital.com](http://www.ugrocapital.com).

### CORPORATE SOCIAL RESPONSIBILITY

Pursuant to the provisions of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, your Company as part of its CSR initiatives has undertaken projects/programs in accordance with the CSR Policy. The details of the CSR activities are given as Annexure 'IV' forming part of this Report. The CSR Policy of the Company is available on the website of the Company at [www.ugrocapital.com](http://www.ugrocapital.com)

### COMPLIANCE WITH SECRETARIAL STANDARDS

The Company has complied with the Secretarial Standards issued by the Institute of Company Secretaries of India.

### INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

### DETAILS OF FRAUD REPORTED BY AUDITORS

No frauds have been reported by auditors under sub-section (12) of section 143 of the Act.

### DETAILS OF SIGNIFICANT MATERIAL ORDERS PASSED BY THE REGULATORS / COURTS / TRIBUNAL IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATION IN FUTURE

There are no significant material orders passed by the Regulators / Courts / Tribunal which would impact the going concern status of the Company and its future operations. Hence, disclosure pursuant to Rule 8 (5) (vii) of Companies (Accounts) Rules, 2014 is not required.

### ACKNOWLEDGMENT

Your Directors place on record their sincere appreciation for the assistance and guidance provided by the Reserve Bank of India, Ministry of Corporate Affairs, the Securities and Exchange Board of India, and other Regulatory Authorities, Stock Exchange, other statutory bodies, companies bankers, members and employees of the Company for the cooperation and encouragement and continued support extended to the Company.

**For and on behalf of Board of Directors**

sd/-

**Shachindra Nath**  
**Executive Chairman and Managing Director**  
**DIN: 00510618**

**Place: Mumbai**  
**Date: 20<sup>th</sup> May 2020**



## Directors' Report (Contd.)

Annexure-I

### Form No. AOC- 2

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (l) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis:
2. Details of material contracts or arrangement or transactions at arm's length basis:

Sr.	Name of the Related Party	Nature of Relationship	Nature of contracts / arrangements / transactions	Amount (in ₹)	Duration of the contracts / arrangements / transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Amount paid as advances, if any
Nil							

For and on behalf of Board of Directors

Sd/-

**Shachindra Nath**  
Executive Chairman and Managing Director  
DIN: 00510618

Place: Mumbai  
Date: 20<sup>th</sup> May 2020

## Directors' Report (Contd.)

### Annexure- II

#### Nomination & Remuneration Policy

##### **Introduction**

U GRO Capital Limited (hereinafter referred to as the "Company") recognizes its human resources as a valuable asset and the Nomination and Remuneration Policy (hereinafter referred to as the "Policy") ensures that the best industry practices have been considered while fixing the remuneration of the Board of Directors and other employees of the Company. The Policy ensures that the level of remuneration is sufficient to attract and retain the best talent required by the Company to meet its objectives.

The Policy lays down the criteria for the appointment/ reappointment of the Board of Directors and also ensures that the Board is adequately composed with members of diverse background and a broad range of experience in areas that are relevant for the business of the Company.

The Policy has been formulated pursuant to provisions of Section 178 of the Companies Act, 2013 ("the Act") read with applicable rules and amendments thereto and ensures compliance to all the requirements of Securities and Exchange Board of India ("SEBI") Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR") and amendments thereto and Corporate Governance Code of the Company. It applies to Directors, Key Managerial Personnel ("KMP"), Senior Management and other employees of the Company.

##### **Purpose**

The purpose of framing the Policy is to:

- a) Identify prospective Directors and recommend to the Board the appointment and removal of Directors, KMPs and Senior Management.
- b) Recommend a policy to the Board on remuneration payable to the Directors, KMPs and the Senior Management of the Company.
- c) Establish standards of remuneration which shall include fixed and variable components, incentives and bonus. The same shall be developed in line with the applicable regulations and considering the best trends and practices prevailing in the industry.
- d) Carry out the evaluation of the performance of every Director and review the terms of remuneration of the Director based on their performance and defined assessment criteria.
- e) Formulate the criteria for evaluation of performance of the Independent Directors and determine whether to extend or continue the term of appointment of the Independent Director, in light of the performance evaluation report.

##### **Appointment / Re-appointment of Board of Directors**

The Nomination and Remuneration Committee (hereinafter referred to as 'NRC') shall be responsible for ascertaining the criteria for appointment of Directors and ensuring the size of the Board is sufficient for the Company to achieve its objectives.

##### **Appointment criteria and Qualification**

- a) Identify and ascertain the integrity, reputation, qualification, industry related experience, positive attributes and independence of a person for his / her appointment as a Director / KMP / Senior Management and recommend to the Board their appointment
- b) Ensure a transparent process of Board nomination that promotes diversity, knowledge, experience, skills, age, gender, cultural and educational background
- c) Appoint Independent Directors, KMPs and other Directors as per the qualifications and disqualifications pursuant to Section 149, 164 and 203 of the Act read along with the rules thereto, Clause 17 of SEBI LODR and the amendments further (refer Annexure IV) and the Fit and Proper criteria of the Company.

## Directors' Report (Contd.)

### Criteria for members to be elected to the Nomination and Remuneration Committee

The following criteria shall be followed to appoint members to the Committee. The points mentioned here are a non - exhaustive list and a mix of skills, experience, characteristics and key attributes that can be considered to elect qualified members to the committee:

- a) Should possess impeccable reputation for integrity.
- b) Should have leadership and management experience especially in related businesses as well as personal networks and external contacts.
- c) Should have specialized and detailed knowledge of the industry and deep expertise and insights in sectors / areas that are relevant to the Company.
- d) Should be a decision maker and be able to choose the option that will benefit the Company in a greater manner.
- e) Should have the ability to contribute to the Company's growth.
- f) Should have the ability to represent the Company to the various stakeholders.
- g) Should have a strategic perspective and be able to identify opportunities and threats to the Company.

### Criteria to ensure the independence of the directors

In line with Section 149 (6) (refer Annexure I of the Policy) of the Companies Act, 2013 and Section 16 of SEBI (LODR) Regulations, 2015, as amended from time to time, an independent director will be a director other than managing director or a whole-time director or a nominee director,-

- a) who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience.
- b) who is or was not a promoter of the company or its holding, subsidiary or associate company or member of the promoter group of the listed entity
- c) who is not related to promoters or directors in the company, its holding, subsidiary or associate company.
- d) who, apart from receiving director's remuneration, has or had no pecuniary relationship with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year.
- e) none of whose relatives has or had pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two percent or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during two immediately preceding financial years or during the current financial year.
- f) who, neither himself nor any of his relatives-
  - I. holds or has held the position of a key managerial personnel or is or has been an employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed.
  - II. is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of -
    - i. a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or
    - ii. any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten percent or more of the gross turnover of such firm.

## Directors' Report (Contd.)

- iii. holds together with his relative's two percent or more of the total voting power of the company; or
      - i. is a Chief Executive or director, by whatever name called, of any nonprofit organisation that receives twenty-five percent or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two percent or more of the total voting power of the company; or
      - ii. is a material supplier, service provider or customer or a lessor or lessee of the Company.
- g) who possesses such other qualifications as may be prescribed.
- h) who is not less than 21 years of age.
- i) who is not a non-independent director of another company on the board of which any non-independent director of the listed entity is an independent director.

### Size and Composition of Board

- i. Ensure the Board of Directors consists of individuals as Directors and has at least three directors at all times. The maximum number of Directors shall not exceed fifteen, unless approved by a Special Resolution.
- ii. Recommend to the Board, its set up and composition ensuring an optimum mix of Executive, Non-Executive and Independent Directors, with not less than 50% the Board of Directors comprising of Non-Executive Directors.
- iii. Ensure the Board of Directors has at least one Woman Director and at least one Director who has stayed in India for a total period of not less than 182 days in the previous calendar year.
- iv. Ensure at least one-third of the Board of Directors are Independent Directors, when the Chairperson of the Company is a Non-Executive Director. If the Company does not have a regular Non-Executive Director as a Chairperson, at least half of the Board of Directors shall comprise of Independent Directors.
- v. Nominate candidates who bring diversity of background and opinion, having the ability to devote sufficient time to the affairs of the Company for the appointment on the Board.
- vi. Ensure that the Company shall not appoint / re-appoint any person as a Managing Director or a Whole-time Director who has attained the age of seventy years and any person as a Non-Executive Director who has attained the age of seventy-five years. The term of the person holding this position may be extended beyond the age of seventy / seventy-five years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy / seventy-five years.
- vii. Advise the Board in setting up, reviewing and reconstitution of various Committees of the Board.

### Tenure

The NRC shall ensure all appointments / re-appointments are within the tenure as mentioned below:

#### A. Managing Director / Whole-time Director

The Managing Director and Whole-time Directors of the Company shall be appointed / re-appointed for a term not exceeding five years at a time. However, no re-appointment shall be made earlier than one year before the expiry of term.

#### B. Independent Director

Independent Directors shall be appointed for a term of not more than five years, and shall be eligible for re-appointment for a term of another five years subject to the approval of shareholders by way of Special Resolution and disclosure of such appointment in the Board's Report.

Independent Directors shall not hold office for more than two consecutive terms; however, he/she shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

## Directors' Report (Contd.)

### Appointment of Independent Directors

The Nomination and Remuneration Committee shall recommend 1 (one) candidate for each vacancy or anticipated vacancy for the position of an Independent Director on the Board. The Board shall resolve, subject to the procedures required under the Code, whether to approve an appointment pursuant to such recommendation.

Further, an Independent Director who resigns or is removed from the Board shall be replaced by a new Independent Director by the Company at the earliest but not later than the immediate next meeting of the Board or 3 (three) months from the date of such vacancy, whichever is later.

An Independent Director shall not hold office for more than 2 (two) consecutive 5 (five) year terms. However, an Independent Director shall be eligible for appointment after the expiration of 3 (three) years of ceasing to become an Independent Director.

The Independent Directors shall hold at least 1 (one) meeting in a year, without the presence of non-Independent Directors and the Management Team, and all the Independent Directors shall strive to be present at such meeting.

The Independent Directors in the meeting shall, inter-alia:

- (a) review the performance of non-Independent Directors and the Board as a whole;
- (b) review the performance of the Chairman of the Board, taking into account the views of executive directors and non-executive Directors;
- (c) assess the quality, quantity and timeliness of flow of information between the Management Team and the Board that is necessary for the Board to effectively and reasonably perform their duties.

No person shall be appointed or continue as an alternate director for an independent director of the Company.

### Appointment of Key Managerial Personnel

It shall be mandatory for the Company to have the following whole-time Key Managerial Personnel: (i) Managing Director; (ii) Company Secretary; (iii) CFO; and (iv) CRO, subject to the provisions of this Code and the approval of the Board.

The Company may appoint a CEO, subject to the provisions of this Code and approval of the Board, who shall also be a Key Managerial Personnel.

The Managing Director, CEO and the CFO shall provide a compliance certificate to the Board on a quarterly basis, certifying that:

- (a) They have reviewed financial statements and the cash flow statement for the year/ year till date and that to the best of their knowledge and belief:
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and
  - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of their knowledge and belief, no transactions entered into by the Company during the year/ year till date which are fraudulent, illegal or in violation of the Company's code of conduct;
- (c) They accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies;
- (d) They have indicated to the auditors and the Audit Committee:
  - (i) significant changes in internal control over financial reporting during the year/ year till date;
  - (ii) significant changes in accounting policies during the year/year till date and that the same have been disclosed in the notes to the financial statements;



## Directors' Report (Contd.)

- (iii) details pertaining to all related party transactions between Key Managerial Personnel and their Related Party(ies) on a periodic basis; and
- (iv) instances of significant fraud of which they have become aware and the involvement therein, if any, of the Management Team or an Employee having a significant role in the Company's internal control system over financial reporting.

The Company shall not appoint or re-appoint any person as its Managing Director, Whole-time Director or CEO for a term exceeding 5 (five) years at a time. Additionally, no re-appointment shall be made earlier than 1 (one) year before the expiry of the term of such Managing Director, Whole-time Director or CEO.

The appointment and replacement of, the terms and conditions for the appointment of, and the remuneration payable to, the Managing Director and CEO shall be subject to approval by the Board and the shareholders at the next General Meeting in accordance with this Code.

The Company Secretary shall act as the secretary to all the Board Committees.

### Retirement/ Resignation/ Removal of Director

The NRC shall recommend the Board on retirement, re-appointment, resignation and removal of Directors

#### Retirement

At least two-thirds of the total number of Directors, excluding Independent Directors, shall be liable to retire by rotation. Of the eligible rotational Directors, one-third Directors shall retire at every Annual General Meeting of the Company or if their number is neither three nor a multiple of three, then, the number nearest to one-third, shall retire from office. The Directors to retire by rotation shall be those who have been longest in office since their last appointment.

#### Resignation

- I. A Director may resign from his / her office, before the expiry of their tenure, by giving a notice in writing to the Board. The NRC and the Board shall take note of the same and also place the fact of such resignation in the report of directors laid in the immediately following general meeting by the Company. The resignation of a Director shall take effect from the date on which the notice is received by the Company or the date, if any, specified by the director in the notice, whichever is later.
- II. The director who has resigned, shall be liable for the offences which occurred during his tenure, even after his resignation.
- III. In case of resignation of an independent director of the Company, within seven days from the date of resignation, the following disclosures shall be made to the stock exchanges by the Company:
  - i. Detailed reasons for the resignation of independent director as given by the said director shall be disclosed by the Company to the stock exchanges.
  - ii. The independent director shall, along with the detailed reasons, also provide a confirmation that there is no other material reasons other than those provided.
  - iii. The confirmation as provided by the independent director above shall also be disclosed by the Company to the stock exchanges along with the detailed reasons.

#### Removal

- i. In case a Director of the Company becomes disqualified to hold their office pursuant to the provisions of Section 164 of the Act (refer Annexure II of the Policy), or a Director ceases to be an Independent director as per Section 149(6) of the Act (refer Annexure I of the Policy), it shall be the responsibility of the NRC to advise to the Board on removal of such Director.
- ii. The Company shall, by an ordinary resolution remove a director, not being a Director appointed pursuant to Section 163 of the Act (refer Annexure V of the Policy), before the expiry of the period of his / her office after giving a reasonable opportunity of being heard.
- iii. The Company shall send a special notice to pass a resolution for removing a director or to appoint somebody in place of the director being removed at the meeting at which he / she is being removed.

## Directors' Report (Contd.)

- iv. An Independent Director who resigns or is removed from the Board of the company shall be replaced by a new Independent Director within a period of not more than 180 days from the date of such resignation or removal. Provided the company fulfils the requirement of Independent Directors in its Board even without filling the vacancy created by such resignation or removal, as the case may be, the requirement of replacement by a new independent director shall not apply.

### Remuneration

The Company strives to adopt the highest standard of Corporate Governance and ensures that its remuneration practices are consistent with the best-recognized practices.

The Board shall approve, as recommended by the NRC, the quantum of Remuneration / Commission / Incentives etc. payable to the Directors and KMPs of the Company.

While formulating the Policy, the NRC has considered the following factors as laid down under Section 178(4) of the Act:

- i. the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
- ii. relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- iii. remuneration to Directors, KMPs and Senior Management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

### Remuneration to Managing Director / Whole-time Directors / KMPs

- i. The Remuneration / Commission etc. to be paid to Director / Managing Director / KMP shall be within the limits prescribed under the provisions of Sections 197 (refer Annexure VI of the Policy), Section 198 (refer Annexure VII of the Policy) and Schedule V of the Act (refer Annexure VIII of the Policy), applicable rules made there under and any other enactment in force for the time being. However, the Company may authorize excess payment of remuneration with prior approval from the Shareholders or Central Government, as the case may be.
- ii. The overall remuneration paid to the Directors and KMPs of the Company should be adequate to motivate and retain talented and qualified individuals required to meet the goals of the Company.

### Remuneration to Non - Executive Directors / Independent Directors

- i. The Company shall pay its Independent Directors and Non-Executive Directors Commission and Sitting fees for attending the meetings of the Board and Committees, within the regulatory limits prescribed under the Act.
- ii. On the basis of the evaluation of the performance of the Directors including Independent Directors, the NRC shall recommend to the Board all Commission / Remuneration comprising fixed and variable component and other perquisites.

### Remuneration to Senior Employees / Other Employees

- i. The Remuneration to the senior employees and other employees will be such as to ensure that the relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- ii. It will involve a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.
- iii. The NRC shall recommend to the Board, all remuneration, in whatever form, payable to senior management.

### Stock option

- i. Pursuant to the provisions of the Corporate Governance Code of the Company, the NRC shall formulate a policy for granting of variable and discretionary bonus / incentives to the KMP, Senior Employees and other Employees of the Company. The Managing Director shall be responsible for preparing the first draft of this policy for the review and approval of the NRC.
- ii. The NRC shall also formulate and recommend to the Board for their approval, an Employee Stock Option Plan or a Sweat Equity Plan. No Independent Director shall be entitled to any Stock Options of the Company.

## Directors' Report (Contd.)

- iii. The Company shall pay a certain percentage of the Annual Cost to Company as a bonus to the employees. This bonus shall be further segregated into Statutory Bonus and Variable Bonus.
- iv. The statutory bonus shall be paid to the employees if the Company meets its targets for the year and the same shall be paid in accordance in with The Payments of Bonus Act, 1956 and the amendments thereafter.
- v. The variable bonus shall be paid to the employee if the individual targets are met.
- vi. Company proposes to reserve a certain percentage equivalent of the overall capital pool for stock options allocation for its select employees.
- vii. The NRC shall also formulate and recommend to the Board for their approval, an Employee Stock Option Plan or a Sweat Equity Plan.
- viii. The variable bonus of the employee shall be in accordance with certain parameters. The parameters of evaluation have been defined as per the 'Bonus/ Variable Pay Policy'.

### Board Evaluation

The Company shall, pursuant to the provisions of the Act and SEBI (LODR) Regulations, 2015 carry out an annual evaluation of the performance of:

- i. The Board as a whole;
- ii. Individual Directors, including Independent Directors, CEO and Chairperson; and
- iii. Various Committees of the Board.

The Company shall follow the criteria for evaluation recommended under the 'Board Evaluation Policy'.

### Feedback and Action Plan

- i. Feedback shall be sought from the Independent Directors on the assessment of the quality, quantity and timeliness of flow of information between the Company Management and the Board, necessary for the Board to effectively perform its duties.
- ii. Based on the analysis of the responses received on the performance of Independent and Non-Independent Directors, the Board as a whole, and of the Chairman of the Company, the NRC shall recommend to the Board an Action Plan.

The Action Plan shall include areas of improvement training, development programmes and skill building, as may be required for the members of the Board.

### Review of Policy

The Board of Directors reserves its right to review and amend this policy to ascertain its appropriateness as per the needs of the company. Review shall be carried out at least once a year. In the event of any conflict between the provisions of this Policy and the Act or any other statutory enactments, rules, the provisions of such Act or statutory enactments, rules shall prevail over this Policy.

The Board may, subject to applicable laws amend any provision(s) or substitute any of the provision(s) with the new provision(s) or replace the Policy entirely with a new Policy.

## Directors' Report (Contd.)

Annexure - III

Form No. MR-3

Secretarial Audit Report

FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH 2020

[Pursuant to Section 204(l) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,  
U GRO Capital Limited  
(formerly known as Chokhani Securities Limited)  
Equinox Business Park, Tower 3,  
Fourth Floor, Off BKC, LBS Road,  
Kurla, Mumbai - 400070

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by U GRO Capital Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the **U GRO Capital Limited** books, papers, minutes books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March, 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter;

I have examined the books, papers, minute books, forms and returns filed and other records maintained by **U GRO Capital Limited** for the financial year ended on 31st March, 2020 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder to the extent applicable;
- (ii) The Securities Contracts (regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) The Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009/ The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
  - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) 2014;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993;
- (vi) The Reserve Bank of India Act, 1934.
- (vii) All Master Directions, Master Circulars, Notifications, Guidelines issued by the Reserve Bank of India to the extent applicable to Systemically important non-deposit taking non-banking financial company
- (viii) Prevention of Money Laundering Act, 2002

## Directors' Report (Contd.)

During the period under review, provisions of the following Act/ Regulations are not applicable to the Company:

- a) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- b) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;

I have also examined compliance with the applicable clauses of the following:

- a) Secretarial Standards issued by the Institute of Company Secretaries of India related to Board Meetings, General Meetings.
- b) The SEBI (Listing Obligations Disclosure Requirements) Regulations, 2015 and the Listing Agreements entered into by the Company with BSE Limited. **(The Company has complied with the SEBI (Listing Obligations Disclosure Requirements) Regulations 2015 and Listing Agreement entered into by the Company with BSE Ltd. during the financial year)**

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

**I further report that**, the compliance by the Company of applicable financial laws, like Direct & Indirect Tax laws, has not been reviewed in this Audit since the same have been subject to review by Statutory Financial Auditor and other designated professionals.

**I further report that** the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out by majority as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

I have examined the systems and processes of the Company in place to ensure the compliance with general laws like Labour Laws, Employees Provident Funds Act, Employees State Insurance Act, the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 considering and relying upon representations made by the Company and its Officers for systems and mechanisms formed by the Company for compliance under these laws and other applicable sector specific Acts, Laws, Rules and Regulations applicable to the Company and its observance by them.

**I further report that** there are proper systems and processes in the company commensurate with the size and operation of the company to monitor ensure compliance with applicable laws, rules, regulations and guidelines.

**I further report that** during the audit period apart from the instances mentioned hereunder, there were specific events / actions having major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, etc.,

- i) The Company has allotted Equity Shares upon conversion of Compulsorily Convertible Debentures and Compulsorily Convertible Preference shares and Convertible Warrants.
- ii) The Company has allotted Non-convertible Secured Debentures on private placement basis.
- iii) The Company has allotted Equity shares pursuant to approval of scheme of arrangement between Asia Pragati Capfin Private Limited (the "Demerged Company") and U GRO Capital Limited (the "Resulting Company")
- iv) The Company has forfeited part payment of 25% on 28,27,028 convertible warrants due to non-payment of balance amount of 75% of the consideration on such warrants on the due date.

**For PANKAJ NIGAM & ASSOCIATES**  
Company Secretaries

sd/-

(Pankaj Kumar Nigam)

Membership No. FCS-7343

Certificate of Practice No. 7979

Date: 14/05/2020  
Place: Ghaziabad

Enc: Annexure



## Directors' Report (Contd.)

Annexure A

To,

The Members  
U GRO Capital Limited  
(formerly known as Chokhani Securities Limited)

My report of even date is to be read along with this supplementary testimony.

1. Maintenance of secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, the company had followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.,
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

**For PANKAJ NIGAM & ASSOCIATES**  
**Company Secretaries**

**Date: 14/05/2020**  
**Place: Ghaziabad**

**sd/-**  
**(Pankaj Kumar Nigam)**  
**Membership No. FCS-7343**  
**Certificate of Practice No. 7979**

## Directors' Report (Contd.)

### CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,

The Members of  
U GRO Capital Limited  
(formerly known as Chokhani Securities Limited)  
Equinox Business Park, Tower 3,  
Fourth Floor, Off BKC, LBS Road,  
Kurla, Mumbai - 400070

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of U GRO Capital Limited having CIN L67120MH1993PLCO70739 and having registered office at Equinox Business Park, Tower 3, Fourth Floor, Off BKC, LBS Road, Kurla, Mumbai - 400070 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31<sup>st</sup> March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of Appointment in the Company
1	Abhijit Sen	00002593	05/07/2018
2	Navin Kumar Maini	00419921	05/07/2018
3	Shachindra Nath	00510618	22/06/2018
4	Satyananda Mishra	01807198	05/07/2018
5	Manoj Kumar Sehrawat	02224299	05/07/2018
6	Amit Gupta	02282600	05/07/2018
7	Kanak Kamal Kapur	03299278	07/08/2019
8	Ranjana Agarwal	03340032	05/07/2018
9	Karuppasamy Singam	03632212	05/07/2018
10	Chetan Kulbhushan Gupta	07704601	02/11/2018
11	Abhijit Ghosh	07935397	05/07/2018
12	Rajeev Krishnamuralilal Agarwal	07984221	05/07/2018
13	Navin Avinashchander Puri	08493643	07/08/2019

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For PANKAJ NIGAM & ASSOCIATES**  
Company Secretaries

**Date: 17/04/2020**  
**Place: Ghaziabad**

sd/-  
(Pankaj Kumar Nigam)  
Membership No. FCS-7343  
Certificate of Practice No. 7979  
UDIN: F007343B000164115

## Directors' Report (Contd.)

Annexure - IV

**Form No. MGT-9**  
**Extract of Annual Return**  
**as on the financial year ended on 31<sup>st</sup> March, 2020**

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(l) of the Companies (Management and Administration) Rules, 2014]

### I. REGISTRATION AND OTHER DETAILS:

1	Corporate Identification Number (CIN)	L67120MH1993PLCO70739
2	Registration Date	10 <sup>th</sup> February, 1993
3	Name of the Company	U GRO Capital Limited (Earlier known as Chokhani Securities Limited)
4	Category / Sub-Category of the Company	Public Company Limited by Shares
5	Address of the Registered office and contact details	Equinox Business Park, Tower 3, 4 <sup>th</sup> Floor, LBS Road, Kurla West, Mumbai- 400070
6	Whether listed company	Yes
7	Name, Address and Contact details of Registrar and Transfer Agent, if any	Link Intime India Private Limited Address: C 101, 247 Park, LBS Road, Surya Nagar, Gandhi Nagar, Vikhroli West, Mumbai, Maharashtra 400083. Telephone: 022 4918 6000. Website: <a href="https://linkintime.co.in/">https://linkintime.co.in/</a>

### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:

Sr. No.	Name and description of main products / services	NIC Code of the product / service	% to total turnover of the Company
1	Financial Service Activities	64990	91.96%

### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES: During the financial year 2019-20, your Company does not have any Holding, Subsidiary and Associates company.

### IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity):

i) Category-wise Shareholding:

Sr No	Category of Shareholders	Shareholding at the beginning of the year - 2019				Shareholding at the end of the year - 2020				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>(A) Promoter and Promoter Group</b>										
<b>[1] Indian</b>										
(a)	Individuals / Hindu Undivided Family	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(b)	Central Government / State Government(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(c)	Bodies Corporate	30,19,817	0	30,19,817	12.94	30,19,817	0	30,19,817	4.28	(8.66) *
(d)	Financial Institutions/ Banks	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(e)	Any Others	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Sub Total (A)(1)</b>		30,19,817	0	30,19,817	12.94	30,19,817	0	30,19,817	4.28	(8.66)

## Directors' Report (Contd.)

Sr No	Category of Shareholders	Shareholding at the beginning of the year - 2019				Shareholding at the end of the year - 2020				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>[2]</b>	<b>Foreign</b>									
(a)	Individuals (Non-Resident Individuals / Foreign Individuals)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(b)	Government	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(c)	Institutions	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(d)	Foreign Portfolio Investor	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(e)	Any Other (Specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	<b>Sub Total (A)(2)</b>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Total Shareholding of Promoter and Promoter Group (A)	30,19,817	0	30,19,817	12.94	30,19,817	0	30,19,817	4.28	(8.66)
<b>(B)</b>	<b>Public Shareholding</b>									
[1]	Institutions	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(a)	Mutual Funds/UTI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(b)	Financial Institutions / Banks	0	0	0	0	39	0	39	0.00	0.00
(c)	Central Government / State Government(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(d)	Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(e)	Insurance Companies	0	0	0	0	14,28,600	0	14,28,600	2.02	2.02
(f)	Foreign Institutional Investors	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(g)	Foreign Venture Capital Investors	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(h)	Qualified Foreign Investors	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(i)	Foreign Portfolio Investors (Corporate)	38,10,785	0	38,10,785	16.33	37,62,500	0	37,62,500	5.33	(10.99)
(j)	Any Other (Alternate Investment Funds)	45,51,652	0	45,51,652	19.50	45,65,721	0	45,65,721	6.47	(13.03)
	<b>Sub Total (B)(1)</b>	83,62,437	0	83,62,437	35.84	97,56,860	0	97,56,860	13.83	(22.00)
<b>(2)</b>	<b>Non-Institutions</b>									
(a)	Bodies Corporate	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(b)	Individuals -	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(i)	Individual shareholders holding nominal share capital upto INR 1 lakh.	3,07,790	54,320	3,62,110	1.55	3,38,275	53,920	3,92,195	0.55	(0.99)
(ii)	Individual shareholders holding nominal share capital in excess of INR 1 lakh	42,64,004	0	42,64,004	18.27	40,20,700	0	40,20,700	5.70	(12.57)
(c)	Qualified Foreign Investors	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

## Directors' Report (Contd.)

Sr No	Category of Shareholders	Shareholding at the beginning of the year - 2019				Shareholding at the end of the year - 2020				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(d)	Any Other	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
i.	Trusts	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
ii.	Foreign Companies	29,67,645	0	29,67,645	12.71	5,01,64,713	0	5,01,64,713	71.12	58.40
iii.	Clearing Members/ Clearing House	22,127	0	22,127	0.09	1,01,095	0	1,01,095	0.14	0.04
iv.	Hindu Undivided Family	3,26,005	0	3,26,005	1.39	3,45,126	0	3,45,126	0.48	(0.90)
v.	Non Resident Indians (Repat)	2,087	0	2,087	0.00	2,045	0	2,045	0.00	(0.00)
vi.	LLP	40,04,450	800	40,05,250	17.16	27,25,199	800	27,25,999	3.86	(13.30)
<b>Sub-total (B) (2)</b>		1,18,94,108	55,120	1,19,49,228	51.21	5,76,97,153	54,720	5,77,51,873	81.88	30.66
<b>Total Public Shareholding (B) = (B)(i)+(B)(2)</b>		2,02,56,545	55,120	2,03,11,665	87.05	6,74,54,013	54,720	6,75,08,733	95.71	8.66
<b>TOTAL (A)+(B)</b>		2,32,76,362	55,120	2,33,31,482	100.00	7,04,73,830	54,720	7,05,28,550	100.00	0.00
<b>C Shares held by Custodians and against which Depository Receipts have been issued</b>		Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>GRAND TOTAL (A)+(B)+(C)</b>		2,32,76,362	55,120	2,33,31,482	100.00	7,04,73,830	54,720	7,05,28,550	100.00	0.00

\*The change is primarily due to conversion of CCPs, CCDs, warrants and issuance of equity shares to DBZ (Cyprus) Limited

ii) Shareholding of Promoters (including Promoter Group):

Sr. No.	Promoters' Name	Shareholding at the beginning of the year 1 <sup>st</sup> April 2019			Shareholding at the end of the year 31 <sup>st</sup> March 2020			% change in shareholding during the year
		No. of shares	% of total shares of the Company	% of shares pledged/encumbered to total shares	No. of shares	% of total shares of the Company	% of shares pledged/encumbered to total shares	
1	Poshika Advisory Services LLP	30,19,817	12.94	Nil	30,19,817	4.28	Nil	(8.66)

iii) Change in Promoters' (including Promoter Group) Shareholding: There is no change in shareholding of promoters

Sr. No.	Promoters' Name	Shareholding at the beginning of the year 1 <sup>st</sup> April, 2019		Date	Reason	Increase/Decrease in Shareholding		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Poshika Advisory Services LLP	30,19,817	12.94	N.A.	N.A.	Nil		30,19,817	4.28



## Directors' Report (Contd.)

iv) Shareholding Pattern of top ten shareholders (other than Directors, Promoters and holder of GDRs and ADRs):

Sr. No.	Top Ten Shareholders*	Shareholding at the beginning of the year 1 <sup>st</sup> April 2019		Cumulative shareholding at end of the year 31 <sup>st</sup> March, 2020	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	NewQuest Asia Investments III Limited	12,79,069	5.48	1,51,16,279	21.43
2	Clearsky Investment Holdings Pte. Limited	12,79,069	5.48	1,51,16,279	21.43
3	DBZ (Cyprus) Limited	0	0.00	1,35,65,891	19.23
4	Samena Fidem Holdings	0	0.00	59,56,757	8.44
5	Indgrowth Capital Fund I	34,88,372	14.95	34,74,086	4.92
6	Samena Special Situations Mauritius	33,21,500	14.23	33,21,500	4.70
7	PNB Metlife India Insurance Company Limited	14,28,600	6.12	14,28,600	2.02
8	Chhattisgarh Investments Limited	14,33,267	6.14	13,81,372	1.95
9	Abakkus Growth Fund-1	10,63,280	4.56	10,91,635	1.54
10	Rashmi Nayar	5,76,150	2.47	5,76,150	0.81

\* The shares of the Company are traded on daily basis and hence the date wise increase/decrease in shareholding is not indicated. Shareholding is consolidated based on permanent account number (PAN) of the shareholder.

v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Name of Director & KMP	Shareholding at the beginning of the year 1 <sup>st</sup> April, 2019		Shareholding at the end of the year 31 <sup>st</sup> March, 2020	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	Shachindra Nath	Nil	Nil	Nil	Nil
2	Abhijit Ghosh	Nil	Nil	Nil	Nil
3	Satyananda Mishra	Nil	Nil	Nil	Nil
4	Abhijit Sen	Nil	Nil	Nil	Nil
5	Karuppasamy Singam	Nil	Nil	Nil	Nil
6	Navin Kumar Maini	Nil	Nil	Nil	Nil
7	Ranjana Agarwal	Nil	Nil	Nil	Nil
8	Rajeev Kumar Agarwal	Nil	Nil	Nil	Nil
9	Manoj Kumar Sehrawat	Nil	Nil	Nil	Nil
10	Amit Gupta	Nil	Nil	Nil	Nil
11	Chetan Gupta	Nil	Nil	Nil	Nil
12	Kanak Kapur	Nil	Nil	Nil	Nil
13	Navin Puri	Nil	Nil	Nil	Nil
14	Kalpeshkumar Ojha (Chief Financial Officer)	Nil	Nil	Nil	Nil
15	Aniket Karandikar (Company Secretary)	Nil	Nil	Nil	Nil

## Directors' Report (Contd.)

### V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment: (INR in Lacs)

Particulars	Secured loans excluding Deposits	Unsecured loans	Deposits	Total
Indebtedness at the beginning of the financial year 1st April 2019	1,000.64	-	-	1,000.64
i) Principal Amount	1,000.00	-	-	1,000.00
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	0.64	-	-	0.64
IND AS Adjustment	27.04	-	-	27.04
Total (i+ii+iii)	1000.64	-	-	1000.64
Total After INDAS Adjustment (Match with FS)	973.6	-	-	973.6
Change in Indebtedness during the financial year		-	-	-
+Addition	37,785.19	2,817.25	-	40,602.44
-Reduction	15,663.24	140.63	-	15,803.87
Net Change	22,121.95	2,676.62	-	24,798.57
Indebtedness at the end of the financial year 31st March 2020	23,122.59	2,676.62	-	25,799.21
Principal Amount(i)	23,028.30	2,660.45	-	25,688.75
Interest due but not paid(ii)	-	-	-	-
Interest accrued but not due(iii)	94.29	16.17	-	110.46
IND AS Adjustment	276.27	69.07	-	345.34
Total (i+ii+iii)	23,122.59	2,676.62	-	25,799.21
Total After INDAS Adjustment (Match with FS)	22,846.32	2,607.55	-	25,453.87

### VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole Time Director (all figures in INR)

Sr. No.	Particulars of Remuneration	Name of MD/WTD		Total Amount
		Mr. Shachindra Nath, Executive Chairman & Managing Director	Mr. Abhijit Ghosh, Whole Time Director & Chief Executive Officer	
1.	Gross Salary			
(a)	Salary as per provision contained in section 17 (1) of Income Tax Act, 1961	3,19,23,590	1,52,04,696	4,71,28,286
(b)	Value of perquisites u/s 17 (2) of Income Tax Act, 1961	0	0	0
(c)	Profits in lieu of salary under section 17 (3) of Income Tax Act, 1961	0	0	0
2.	Stock Option	0	0	0
3.	Sweat Equity	0	0	0
4.	Commission	0	0	0
-	As % profit	0	0	0
-	Others	0	0	0
5.	Others	0	0	0
	Contribution to Superannuation Fund	0	0	0
	Contribution to Provident Fund	21,600	21,600	43,200
	Contribution to NPS	0	0	0
	Performance Bonus/Incentive	0	1,50,00,000	1,50,00,000
	Total (A)	31,94,5190	3,02,26,296	6,21,71,486
	Ceiling as per the Act		1,20,00,000*	

\* The Special Resolutions for the approval of remuneration was passed by the shareholders for the above Directors at last the Annual General Meeting.

## Directors' Report (Contd.)

### Remuneration to other directors:

#### I. Independent Director

(all figures in INR)

Particulars of Remuneration	Name of Directors							Total Amount
	Mr. Abhijit Sen	Mr. Satyananda Mishra	Mr. Navin Kumar Maini	Mr. Karupphasamy Singam	Mr. Rajeev Agarwal	Ms. Ranjana Agarwal	Mr. Navin Puri	
Fees for attending Board & Committee Meetings	24,00,000	20,00,000	22,00,000	23,00,000	25,00,000	23,00,000	4,00,000	1,41,00,000
Commission	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Others	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

#### II. Other Non-Executive Directors

(all figures in INR)

Particulars of Remuneration	Name of Directors				Total Amount
	Mr. Manoj Sehrawat	Mr. Chetan Gupta	Mr. Amit Gupta	Mr. Kanak Kapur	
Fees for attending Board & Committee Meetings	Nil	Nil	Nil	Nil	Nil
Commission	Nil	Nil	Nil	Nil	Nil
Others	Nil	Nil	Nil	Nil	Nil

### B. Remuneration to Key Managerial Personnel other than MD/WTD/Manager

Sr. No.	Particulars of Remuneration	Name of KMP		Total Amount
		Mr. Kalpesh Kumar Ojha, Chief Financial Officer	Mr. Aniket Karandikar, Company Secretary	
1.	Gross Salary			
(d)	Salary as per provision contained in section 17 (1) of Income Tax Act, 1961	1,14,72,628	25,18,464	1,39,91,092
(e)	Value of perquisites u/s 17 (2) of Income Tax Act, 1961	0	0	0
(f)	Profits in lieu of salary under section 17 (3) of Income Tax Act, 1961	0	0	0
2.	Stock Option	0	0	0
3.	Sweat Equity	0	0	0
4.	Commission	0	0	0
-	As % profit	0	0	0
-	others	0	0	0
5.	Others	2,30,772	51,932	2,82,704
	Contribution to Superannuation Fund	0	0	
	Contribution to Provident Fund	21,600	1,29,600	1,51,200
	Contribution to NPS	2,75,000	Nil	2,75,000
	Performance Bonus/Incentive	Nil	5,62,500	5,62,500
	Total (A)	1,20,00,000	32,62,496	1,52,62,496

## Directors' Report (Contd.)

### VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of Companies Act, 2013	Brief Description	Details of Penalty/ punishment/ Compounding fees imposed	Authority (RD/NCLT/ COURT)	Appeal made, if any
<b>A. Company</b>					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
<b>B. Directors</b>					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
<b>C. Other Officers in Default</b>					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil

## Directors' Report (Contd.)

### Annexure V

#### Annual Report on Corporate Social Responsibility (CSR) Activities / Initiatives for the Financial Year 2019-20

[Pursuant to Section 135 of the Companies Act, 2013 & Rules made thereunder]

Sr. No.	Particulars	Remarks
1	A Brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web- link to the CSR policy and project or programs.	The CSR policy has been laid out for the Company to comply with the provisions of Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014. We, at UGRO, are committed to spending up to 2% of the average net profits for the preceding three financial years on CSR projects/ programs related to activities specified in Schedule VII to the Companies Act, 2013 or such activities as may be notified from time to time. CSR committee was constituted by the Board of Directors of the Company, at its meeting held on 13 <sup>th</sup> August 2018, to meet the requirements of the Companies Act, 2013. The Committee has adopted CSR policy and same is uploaded on the Company's website at <a href="http://www.ugrocapital.com">www.ugrocapital.com</a>
2	The Composition of the CSR Committee.	<ol style="list-style-type: none"> <li>Mr. Satyananda Mishra- Chairman (Independent Director)</li> <li>Ms. Ranjana Agarwal (Independent Director)</li> <li>Mr. Navin Kumar Maini (Independent Director)</li> <li>Mr. Shachindra Nath (Executive Chairman &amp; MD)</li> </ol>
3	Average net profit of the Company for last three financial years	INR 2,11,50,000/-
4	Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above).	INR 4,23,000/-
5	Details of CSR spent during the financial year:	
	a) Total amount to be spent for the financial year	INR 3,76,000/-
	b) Amount unspent, if any;	INR 47,000/-

c) Manner in which the amount spent during the financial year is detailed below:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No	CSR project or activity Identified.	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs	Cumulative expenditure upto to the reporting period	Amount spent: Direct or through implementing agency *
1	Child Education	Education	Delhi	INR 4.23 lakhs	INR 3.76 lakhs	INR 3.76 lakhs	INR 3.76 lakhs
	TOTAL			INR 4.23 lakhs			

\*Amounts were given to SMILE Foundation.

- 6 In case the company has failed to spend the two per cent of the Board report:  
During the financial year 2019-20 the Company has incurred INR 3,76,000/- towards the CSR expenditure. While finalization of accounts computation for calculation of CSR expenditure as per provisions of the Act was re assessed. Based on assessment it was realized that INR 47, 000 was underspent. The Company will expend the unspent amount during the financial year 2020-21.
- 7 The CSR Committee hereby confirm that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the company.

For U GRO Capital Limited

sd/-  
Satyananda Mishra  
Chairman of the Committee

Place: Mumbai  
Date: 20<sup>th</sup> May 2020



# CORPORATE GOVERNANCE REPORT

## Company's Philosophy on Corporate Governance

U GRO Capital Limited (Formerly known as Chokhani Securities Limited) strongly believes that establishing good corporate governance practices in each and every function of the organization leads to achieve sustainable growth and enhances long term value for all the stakeholders.

The Company always endeavours to carry its business operations in a fair, transparent and ethical manner and also holds itself accountable and responsible to the society it belongs. The Company considers it imperative to abide by the laws and regulations of the land in letter and spirit and is committed to the highest standards of corporate ethics. The Company's Governance structure broadly comprises of the Board of Directors and the Committees of the Board at the apex level and the Management structure at the operational level. This layered structure brings about a harmonious blend in governance as the Board sets the overall corporate objectives and provides direction to the Management to achieve these corporate objectives within a given framework, thereby bringing about an enabling environment for value creation through sustainable and profitable growth.

## BOARD OF DIRECTORS

The composition of the Board of your Company is in conformity with the provisions of the the Act and the Listing Regulations as amended from time to time and RBI Regulations.

During the year under review, the Board comprised of Thirteen (13) Directors. The Chairman of the Company is an Executive Director and the number of Non-Executive Directors and Independent Directors (including a lady Independent Director) is more than two-third of the total number of Directors. Further, more than 50% of the Board consist of Independent Directors.

On the recommendation of the Board of Directors, the Shareholders of the Company have vide an Ordinary Resolution approved the appointment of Mr. Navin Puri as an Independent Director of the Company to hold office for a term of 5 (five) consecutive years commencing from 7<sup>th</sup> August, 2019 to 6<sup>th</sup> August, 2023, not liable to retire by rotation. Mr. Kanak Kapur has been appointed as a Non-Executive Director w.e.f. 7<sup>th</sup> August 2019, who will be liable to retire by rotation. Mr. Nisheeth Saran has been appointed as Alternate Director to Mr. Kanak Kapur with effect from 20<sup>th</sup> May 2020.

All Directors possess requisite qualifications and experience in general corporate management, banking, finance, taxation, marketing, micro and small enterprises and other allied fields that allow them to contribute effectively by actively participating in the Board and Committee Meetings, providing

valuable guidance and expert advice to the Board and the Management and enhancing the quality of Board's decision making process.

Detailed profile of the Directors is available on the Company's website at the web-link: <https://www.ugrocapital.com/about-us>

The Company believes in providing appropriate representations on the Board to the large shareholders and providing participation in the proceedings of the Board and Committees. The Articles of Association of the Company allows each Large Shareholder the right to nominate a representative as Non-Executive Director on the Board of the Company.

The Articles of Association of the Company has defined the term Large Shareholders as follows:

"Large Shareholder" means any shareholder of the Company holding at least 10% (ten percent) of the paid-up share capital of the Company on a Fully Diluted Basis, which securities were either subscribed by that shareholder consequent to an issuance of securities by way of a preferential allotment by the Company or were issued to such shareholder by the Company as consideration under a scheme of demerger approved by the National Company Law Tribunal directly involving the Company, (whether by itself or together with a "person acting in concert" with it as defined in the Takeover Regulations).

The Board has representation from Clearsky Investment Holdings Pte Ltd, NewQuest Asia Investments III Limited, DBZ (Cyprus) Limited and Samena Special Situations Mauritius investors of the Company.

The Independent Directors have been appointed for a fixed tenure of five years from their respective dates of appointment, in compliance with the Act and the Listing Regulations.

Mr. Shachindra Nath, Executive Chairman & Managing Director and Mr. Abhijit Ghosh, Whole-time Director & Chief Executive Officer are Executive Directors of your Company. Mr. Amit Gupta, Mr. Chetan Gupta, Mr. Manoj Kumar Sehrawat and Mr. Kanak Kapur are Non-Executive Non-Independent Directors of your Company and do not receive any sitting fees or remuneration from the Company. Mr. Abhijit Sen, Mr. Navin Kumar Maini, Mr. Navin Puri, Mr. Satyananda Mishra, Ms. Ranjana Agarwal, Mr. Rajeev Kumar Agarwal and Mr. Karuppasamy Singam are the Independent Directors of your Company. Apart from reimbursement of expenses incurred in the discharge of their duties and sitting fees, none of these Directors has any other pecuniary relationships or transactions with the Company or their Promoters or its Directors, during the two immediately preceding financial years or during the current financial year. None of the Directors of your Company is inter-se related to each other.

## Corporate Governance (Contd.)

### NUMBER OF BOARD MEETINGS

The Board of Directors met Six (6) times during the year under review on 2<sup>nd</sup> May 2019, 3<sup>rd</sup> May 2019, 7<sup>th</sup> August 2019, 11<sup>th</sup> November 2019, 31<sup>st</sup> January 2020 and 30<sup>th</sup> March 2020. The requisite quorum was present during all the Meetings.

The Board met at least once in a calendar quarter and the maximum time gap between any two meetings was not more than one hundred and twenty days. These Meetings were well attended.

### DIRECTORS' ATTENDANCE RECORD AND DIRECTORSHIPS HELD

Pursuant to the provisions of Section 165 of the Act, none of the Directors of the Company is a Director in more than 10 public limited companies. Further, as mandated by Regulation 17A of the Listing Regulations, none of the Independent Directors of the Company serves as Independent

Director in more than seven listed companies or three listed companies he/ she serves as a Whole-time Director in any listed company. Further, as stipulated in Regulation 26 of the Listing Regulations, none of the Directors is a Member of more than Ten Board level Committees and no such Director is a Chairman/Chairperson of more than five Committees, across all public limited companies in which he/she is a Director. As per the Listing Regulations, only those entities whose equity shares are listed on a stock exchange have been considered for the purpose of ascertaining the number of Directorships in listed companies. Table 1 gives the details.

### COMPOSITION OF THE BOARD

During the year under review, the Company's Board comprised of thirteen Directors, with seven Independent Directors, two Executive Directors (including Chairman of the Board) and four Non-Executive Non- Independent Directors.

The names and categories of Directors, DIN, their attendance at the Board Meetings held during the year and at the last Annual General Meeting (AGM) held on 18<sup>th</sup> September, 2019, as also the number of Directorships and Committee positions held by them in Indian public limited companies, and names of listed entities where they hold Directorship and category of such Directorship are provided below:

Name of the Directors	Category	DIN	Attendance Particulars			Total Number of Directorships and Committee Memberships/ Committee Chairmanships/ Chairpersonship of public limited companies #			Directorships in other listed entities	
			Number of Board Meetings		Last AGM (18.9.19)	Directorships	Committee Memberships+	Committee Chairmanships/ Chairpersonship+	Name of the Listed Entity	Category of Directorship
			Held	Attended						
Mr. Shachindra Nath. (Chairman)	Executive	00510618	6	6	Yes	3	3	2	N.A.	N.A.
Mr. Abhijit Ghosh	Executive	07935397	6	6	No	1	1	0	N.A.	N.A.
Mr. Abhijit Sen	Independent	00002593	6	6	Yes	6	8	5	1. Trent Limited 2. Kalyani Forge Limited 3. Manappuram Finance Limited 4. Ujjivan Financial Services Limited 5. Tata Investment Corporation Limited	Independent Director
Mr. Navin Kumar Maini	Independent	00419921	6	6	No	2	3	0	N.A.	N.A.
Mr. Satyananda Mishra	Independent	01807198	6	6	No	1	1	0	N.A.	N.A.
Ms. Ranjana Agarwal	Independent	03340032	6	6	No	6	6	1	1. Indo Rama Synthetics (India) Limited 2. KDDL Limited 3. RBL Bank Limited 4. ICRA Limited	Independent Director
Mr. Karuppasamy Singam	Independent	03632212	6	6	No	3	3	1	N.A.	N.A.

## Corporate Governance (Contd.)

Name of the Directors	Category	DIN	Attendance Particulars			Total Number of Directorships and Committee Memberships/ Committee Chairmanships/ Chairpersonship of public limited companies #			Directorships in other listed entities	
			Number of Board Meetings		Last AGM (18.9.19)	Directorships	Committee Memberships+	Committee Chairmanships/ Chairpersonship+	Name of the Listed Entity	Category of Directorship
			Held	Attended						
Mr. Rajeev Kumar Agarwal	Independent	O7984221	6	6	No	1	1	1	N.A.	N.A.
Mr. Navin Puri*	Independent	O8493643	3	3	N.A.	4	1	1	N.A.	N.A.
Mr. Amit Gupta	Non-Executive	O2282600	6	5	No	1	1	0	N.A.	N.A.
Mr. Chetan Gupta	Non-Executive	O7704601	6	4	No	1	0	0	N.A.	N.A.
Mr. Manoj Kumar Sehrawat	Non-Executive	O2224299	6	6	No	3	1	0	I. Amber Enterprises India Limited	Nominee Director
Mr. Kanak Kapur*	Non-Executive	O3299278	3	1	N.A.	1	0	0	N.A.	N.A.

Notes:  
# Excludes Directorships in private limited companies, foreign companies and companies registered under Section 8 of the Act. None of the Directors holds Directorships in more than 20 companies as stipulated in Section 165 of the Act.  
+ Committees considered are Audit Committee and Stakeholders Relationship Committee including in UGRO.  
\* appointed w.e.f. 7th August 2019

### CORE SKILLS/ EXPERTISE/COMPETENCIES OF THE BOARD OF DIRECTORS OF THE COMPANY

The core skills / expertise / competencies identified by the Board pursuant to Regulation 34(3) read with Schedule V of the SEBI Listing Regulations and available with the Board are as given below:

Sr. No.	Name of Director	Skills / Expertise / Competencies
1	Mr. Shachindra Nath	Financial Service Sector
2	Mr. Abhijit Ghosh	Financial Service Sector
3	Mr. Abhijit Sen	Finance and Corporate Governance
4	Mr. Navin Kumar Maini	Banking and Financial Sector, MSME Sector
5	Mr. Satyananda Mishra	Corporate Governance
6	Ms. Ranjana Agarwal	Law and Finance
7	Mr. Karuppasamy Singam	Regulatory Compliances
8	Mr. Rajeev Kumar Agarwal	Regulatory Compliances
9	Mr. Navin Puri	Banking and Financial Service Sector
10	Mr. Amit Gupta	Finance, corporate governance and strategy
11	Mr. Chetan Gupta	Finance and Investments
12	Mr. Manoj Kumar Sehrawat	Finance and Strategy
13	Mr. Kanak Kapur	Finance and Asset Management

### CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS FROM PRACTISING COMPANY SECRETARY

A certificate issued by Mr. Pankaj Nigam, Practicing Company Secretary of Pankaj Nigam & Associates, pursuant to Regulation 34(3) read with Clause 10 (i) of Paragraph C of Schedule V of the Listing Regulations, certifying that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as Directors of the Company by the Securities and Exchange Board of India, Ministry of Corporate Affairs, Reserve Bank of India, or any such Statutory Authority is provided separately.

### CONFIRMATION REGARDING INDEPENDENCE OF INDEPENDENT DIRECTORS

The Company has received declarations from all the Independent Directors confirming that they meet the criteria of independence as prescribed under Section 149(6) of the Act, read with Rules framed thereunder, and Regulation 16 (l) (b) of the SEBI Listing Regulations. In terms of Regulation 25(8) of the SEBI Listing Regulations, the Independent Directors have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties.

Based on the disclosures received from all the Independent Directors, the Board is of the opinion that the Independent Directors fulfill the conditions specified in Section 149 of the Act and the Listing Regulations and are independent of the Management.

## Corporate Governance (Contd.)

### MEETING OF INDEPENDENT DIRECTORS

As stipulated under the Act and the Listing Regulations, Meeting of Independent Directors was held during the year. This Meeting was conducted in an informal manner to enable Independent Directors to discuss matters relating to Company's affairs and put forth their views without presence of the non-independent directors and members of management.

### FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

The Company has undertaken a structured program for orientation of Independent Directors at the time of their joining so as to familiarise them with the Company - its operations, business, industry and environment in which it functions and the regulatory environment applicable to it. The Company updates the Board Members on a continuous basis, performance of the Company, new initiatives/ programs, significant regulatory changes that help them to update their knowledge and also provides an insight to their expected roles and responsibilities so as to be in a position to take well-informed and timely decisions and contribute significantly to the Company.

Pursuant to the provisions of the Act and Regulation 25(7) of the Listing Regulations, the Company has during the year conducted familiarisation programs (as part of the Board/ Committee Meetings) for its Directors.

Pursuant to Regulation 46 of the Listing Regulations, the details of familiarisation programs are available on the website of the Company at the web-link: [www.ugrocapital.com](http://www.ugrocapital.com)

### BOARD PROCEDURE

The Company sends a detailed agenda setting out the business to be transacted at the Meeting(s) to each Director. All the agenda items are supported by detailed notes, supporting documents and presentations, if any, to enable the Board to take informed decisions. A soft copy of the Board/Committee Meeting agenda is hosted on the Board portal to provide web-based solution that functions as a document repository. The Directors are also provided the facility of video conferencing to enable them to participate effectively in the Meeting(s), as and when required.

To enable the Board to discharge its responsibilities effectively and take informed decisions, the Management apprises the Board at every Meeting on the overall performance of the Company, as well as the current market conditions including the Company's business, key milestone & challenges and status of regulatory reporting and regulatory updates, new initiatives on the technology platform.

The Board provides the overall strategic direction and periodically reviews strategy and business plans, annual operating and capital expenditure budgets, investment and exposure limits, compliance report(s) of all laws applicable to the Company, approval and adoption of quarterly/half-yearly/ annual results, risk assessment and minimization procedures, transactions .

The Board sets annual performance objectives, oversees the actions and results of the management, evaluates its own performance, performance of its Committees and individual Directors on an annual basis and monitors the effectiveness of the Company's governance practices for enhancing the stakeholders' value.

The Company has a well-established framework for the Meetings of the Board and its Committees which seeks to systematise the decision-making process at the Board and Committee meetings in an informed and efficient manner.

### REMUNERATION

Policy on Remuneration for Directors and criteria for determining qualifications, positive attributes and independence of a Director.

The success of an organisation in achieving good performance and good governing practices depends on its ability to attract and retain quality individuals with requisite knowledge and excellence as Executive and Non-Executive Directors and employees.

The Nomination and Remuneration Committee ("the NRC") reviews and assesses Board composition and recommend the appointment of new Directors. In evaluating the suitability of individual Board member, the NRC shall take into account the following criteria regarding qualifications, positive attributes and also independence of Director:

- i. All Board appointments will be based on merit, in the context of the skills, experience, diversity, and knowledge, for the Board as a whole to be effective.
- ii. Ability of the candidates to devote sufficient time and attention to his/her professional obligations as Director for informed and balanced decision-making.
- iii. Adherence to the applicable Code of Conduct and highest level of Corporate Governance in letter and in spirit by the Directors.

Based on recommendations of the NRC, the Board evaluates the candidate(s) and decide on the selection of the appropriate member.

Your Company has a well-defined Remuneration Policy for its Directors and employees. The Policy is guided by a reward framework and set of principles and objectives as more fully and particularly envisaged under Section 178 of the Act and principles pertaining to qualifications, positive attributes, integrity and independence of Directors, etc. The NRC while determining the remuneration of the Directors ensures that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate the employees to ensure the quality required to run the Company successfully. While considering the remuneration, the NRC ensures a balance between fixed and performance-linked variable pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals and it shall ascertain that some part of the remuneration is linked to the achievement of corporate performance targets.

## Corporate Governance (Contd.)

The Nomination and Remuneration Policy is furnished in "Annexure II" to the Board's Report.

### Remuneration Policy for Key Managerial Personnel and Employees

The Board and the Nomination and Remuneration Committee regularly keep track of the current and emerging market trends in terms of compensation levels and practices within the relevant industries. This information is used to review the Company's remuneration policies from time to time.

The cost to Company is reviewed annually and increment is given to eligible employees based on their position, performance and market dynamics as decided from time to time.

### Service Contracts, Notice Period, Severance Fees:

The Company has appointed Mr. Shachindra Nath, Executive Chairman & Managing Director for a period of Five years w.e.f. 22<sup>nd</sup> June 2018 to 21<sup>st</sup> June 2023 and his notice period for resignation is six months.

The Company has appointed Mr. Abhijit Ghosh, Whole-time Director and Chief Executive Officer w.e.f. 5<sup>th</sup> July 2018 to 4<sup>th</sup> July 2023, and his notice period for resignation is six months.

### Details of Stock Option granted to Executive Directors

Name of Director	No. of Options granted	Grant Price	Grant Date
Mr. Abhijit Ghosh	7,24,615	130	13-08-2018

During financial year 2019-20, the Company did not advance loans to any of its Directors.

### SHARES HELD BY NON-EXECUTIVE DIRECTORS

Non-Executive Directors does not hold any equity shares or convertible security in the Company in their individual capacity.

### CEO/CFO CERTIFICATION

As required under Regulation 17(8) read with Part B of Schedule II of the Listing Regulations, the Executive Chairman & Managing Director and the Whole-time Director & Chief Executive Office and Chief Financial Officer of the Company have jointly certified to the Board regarding the Financial Statements and internal controls relating to financial reporting for the year ended 31<sup>st</sup> March, 2020. The said Certificate is attached herewith as has been provided separately and forms part of this Report.

The Executive Chairman & Managing Director and the Whole-time Director & Chief Executive Officer and the Chief Financial Officer also jointly give quarterly certification on financial results while placing the financial results before the Board in terms of Regulation 33(2) of the SEBI Listing Regulations.

## RISK MANAGEMENT

Risk management forms an integral part of the Company's business. As a lending institution, the Company is exposed to various risks that are related to its lending business and operating environment. Your Company has a well-defined risk management framework in place. The risk management framework works at various levels across the Company. The risk management framework is based on assessment of all risks through proper analysis and understanding of the underlying risks before undertaking any transactions and changing or implementing processes and systems. This risk management mechanism is supported by regular review, control, self-assessments and monitoring of key risk indicators.

The Risk Management structure includes identification of elements of risk, including those which in the opinion of the Board, may threaten the existence of the Company. Risk management process has been established across the Company and is designed to identify, assess and frame a response to threats that affect the achievement of its objectives. Further, it is embedded across all the major functions and revolves around the goals and objectives of the Company.

The Risk Management Architecture includes monitoring by the Board of Directors through the Audit Committee, the Asset Liability Committee and the Risk Management Committee.

The Risk Management framework adopted by the Company is discussed in detail in the Management Discussion and Analysis chapter of this Annual Report.

## COMMITTEES OF THE BOARD

The Committees constituted by the Board focus on specific areas and take informed decisions within the framework of delegated authority and make specific recommendations to the Board on matters within their areas or purview. The decisions and recommendations of the Committees are placed before the Board for information or for approval, as required.

Your Company has ten Board level Committees - Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee, Asset Liability Committee, Risk Management Committee, IT Strategy Committee, Securities Allotment & Transfer Committee, Compliance Committee and Investment & Borrowing Committee.

The composition and functioning of these Committees are in compliance with the applicable provisions of the Act, and Listing Regulations. Further, the constitution and role of the Audit Committee, Nomination and Remuneration Committee, Risk Management Committee, Asset Liability Committee and IT Strategy Committee is also in consonance with the Corporate Governance Master Directions issued by the Reserve Bank of India.



## Corporate Governance (Contd.)

During the year under review, all recommendations received from its Committees were accepted by the Board.

Details on the role and composition of these Committees, including the number of meetings held during the financial year and the related attendance, are provided below:

### a) Audit Committee

During the year under review, the Audit Committee comprised of six Independent Directors, one Executive Director and one Non-Executive Director:

Name of Member	Category
Mr. Abhijit Sen	Chairman of the Committee (Independent Director)
Mr. Satyananda Mishra	Member (Independent Director)
Mr. Rajeev Kumar Agarwal	Member (Independent Director)
Ms. Ranjana Agarwal	Member (Independent Director)
Mr. Navin Kumar Maini	Member (Independent Director)
Mr. Karupphasamy Singam	Member (Independent Director)
Mr. Shachindra Nath	Member (Executive Director)
Mr. Amit Gupta	Member (Non-Executive Director)

All the Members of the Audit Committee possess strong accounting and financial management knowledge. The Committee's composition meets with the requirements of Section 177 of the Act and Regulation 18(l) of the Listing Regulations.

The terms of reference of this Committee are wide and are in line with the regulatory requirements mandated by the Act and Part C of Schedule II of the Listing Regulations.

The Committee acts as a link between the Statutory Auditors/ Internal Auditors and the Board of Directors of the Company. It is authorised to, inter alia, review and monitor the Auditor's independence and performance, effectiveness of the audit process, oversight of the Company's financial reporting process and the disclosure of its financial information, reviewing with the Management; the quarterly and annual financial statements and the Auditors' Report thereon before submission to the Board for approval, select and establish accounting policies, review reports of the Statutory and the Internal Auditors and meet with them to discuss their findings, suggestions and other related matters, approve transactions of the Company with related parties including subsequent modifications thereof, grant omnibus approvals for related party transactions subject to fulfillment of certain conditions, scrutinise inter-corporate loans and investments, valuation of undertakings or assets of the Company wherever it is necessary, evaluate internal financial controls and risk management systems, monitor end use of funds raised through public offers, rights issue, preferential issue and related matters, etc.

The Committee is also empowered to inter alia review the remuneration payable to the Statutory Auditors and Internal Auditors, recommend to the Board the term of appointment and remuneration of the Statutory Auditors and Internal Auditors and recommend a change in the Auditors, if felt necessary. Further, the Committee is empowered to recommend to the Board, the appointment of Chief Financial Officer, the term of appointment and remuneration of the Internal Auditor, etc. Further, the Committee also reviews results of operations, statement of significant related party transactions, etc.

The Audit Committee has been granted powers as prescribed under Regulation 18 (2) (c) and reviews all the information as prescribed in Regulation 18(3) read with the Paragraph B of Part C of Schedule II of the Listing Regulations. Generally, all items listed in Regulation 18(3) read with Part C of Schedule II of the Listing Regulations are covered in the terms of reference. The Committee is also authorised to oversee the functioning of the Whistle Blower Policy/Vigil Mechanism as well as review, the Report on compliance under the Code of Conduct for Prevention of Insider Trading adopted by the Company pursuant to the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

The Whole-time Director & Chief Executive Officer, Chief Financial Officer, the Statutory Auditors and Internal Auditors, are regularly invited to attend the Audit Committee Meetings. The Company Secretary is the Secretary to the Committee.

Mr. Abhijit Sen, Chairman of the Audit Committee was present at the 26<sup>th</sup> Annual General Meeting of the Company held on 18<sup>th</sup> September 2019.

The Audit Committee met four times during the financial year on 02<sup>nd</sup> May 2019, 07<sup>th</sup> August 2019, 11<sup>th</sup> November 2019 and 31<sup>st</sup> January 2020. The gap between two meetings did not exceed one hundred and twenty days. The details of attendance at the Audit Committee Meetings are given in below table.

Name of Members	No. of Meetings held	No. of Meetings attended
Mr. Abhijit Sen	4	4
Mr. Satyananda Mishra	4	4
Mr. Rajeev Kumar Agarwal	4	4
Ms. Ranjana Agarwal	4	4
Mr. Navin Kumar Maini	4	4
Mr. Karupphasamy Singam	4	4
Mr. Shachindra Nath	4	4
Mr. Amit Gupta	4	3

## Corporate Governance (Contd.)

### b) Nomination and Remuneration Committee

The constitution of the Nomination and Remuneration Committee is in compliance with the provisions of Section 178(l) of the Act and Regulation 19 of the Listing Regulations.

The Nomination and Remuneration Committee has been vested with the authority to, inter alia, establish criteria for selection to the Board with respect to the competencies, qualifications, experience, track record and integrity, and recommend candidates for Board Membership, develop and recommend policies with respect to composition of the Board commensurate with the size, nature of the business and operations of the Company in line with the appropriate legislations, devise policy on Board Diversity, determine overall compensation policies of the Company, and administer the "CSL Employees' Stock Option Scheme - 2017" and such further Employee Stock Options Schemes as may be formulated from time to time and take appropriate decisions in terms of the concerned Scheme(s).

The terms of reference of the Committee are in line with the regulatory requirements mandated in the Act and Part D of Schedule II of the Listing Regulations.

The scope of the Committee further includes review of and to decide on and recommend to the Board remuneration packages applicable to the Executive Chairman & Managing Director, Whole-time Director & Chief Executive Officer, setting out performance parameters for them and review the same. The Committee is also empowered to identify persons who are qualified to become Directors and who may be appointed at a Senior Management level in accordance with the criteria laid down and recommend to the Board their appointment and removal and carry out evaluation of every Director's performance.

The Committee has also formulated the criteria for determining the qualifications, positive attributes and independence of a Director and recommended to the Board a Policy relating to the remuneration for the Directors, Key Managerial Personnel and other Senior Employees.

#### Performance Evaluation Criteria for Independent Directors:

The Nomination and Remuneration Committee inter alia, determines the performance evaluation criteria for Independent Directors on parameters such as participation and contribution by a director, effective deployment of knowledge and expertise, ability to challenge views of others in a constructive manner, integrity and maintenance of confidentiality and independence of behavior and judgment.

The Chairperson of the Committee is an Independent Director. The Nomination and Remuneration Committee comprised of four Independent Directors, three Non-Executive Directors and one Executive Director:

Name of Member	Category
Ms. Ranjana Agarwal	Chairperson of the Committee (Independent Director)
Mr. Rajeev Kumar Agarwal	Member (Independent Director)
Mr. Abhijit Sen	Member (Independent Director)
Mr. Navin Kumar Maini	Member (Independent Director)
Mr. Shachindra Nath	Member (Executive Director)
Mr. Amit Gupta	Member (Non-Executive Director)
Mr. Manoj Sehrawat	Member (Non-Executive Director)
Mr. Chetan Gupta	Member (Non-Executive Director)

As per Section 178(7) of the Act and Secretarial Standard on General Meetings (SS-2), issued by the Institute of Company Secretaries of India, the Chairman of the Committee or, in his absence, any other Member of the Committee authorised by him/her in this behalf is required to attend the General Meetings of the Company. Ms. Ranjana Agarwal, Chairperson of the Committee authorized Mr. Abhijit Sen, Independent Director to attend the Annual General Meeting and Mr. Abhijit Sen was present at the 26<sup>th</sup> Annual General Meeting of the Company held on 18<sup>th</sup> September 2019.

The Committee met three times during the year under review on 02<sup>nd</sup> May 2019, 06<sup>th</sup> August 2019 and 30<sup>th</sup> January 2020. The attendance details at Meetings of the Committee are given in below Table.

Name of Members	No. of Meetings held	No. of Meetings attended
Ms. Ranjana Agarwal	3	3
Mr. Rajeev Kumar Agarwal	3	3
Mr. Abhijit Sen	3	3
Mr. Navin Kumar Maini	3	3
Mr. Shachindra Nath	3	3
Mr. Amit Gupta	3	1
Mr. Manoj Sehrawat	3	2
Mr. Chetan Gupta	3	3

### c) Stakeholders' Relationship Committee

The role and terms of reference of the Committee covers the areas as contemplated under Regulation 20 read with Part D of Schedule II of the Listing Regulations and Section 178 of the Act.

## Corporate Governance (Contd.)

During the year under review, the Stakeholders' Relationship Committee comprised two Independent Directors and one Executive Director:

Name of Member	Category
Mr. Rajeev Kumar Agarwal	Chairman of the Committee (Independent Director)
Mr. Karuppasamy Singam	Member (Independent Director)
Mr. Abhijit Ghosh	Member (Executive Director)

Mr. Aniket Karandikar, Company Secretary is the Compliance Officer of the Company.

Mr. Rajeev Kumar Agarwal, Chairman of the Committee was present at the 26<sup>th</sup> Annual General Meeting of the Company held on 18<sup>th</sup> September 2019.

The Committee met four times during the financial year on 02<sup>nd</sup> May 2019, 06<sup>th</sup> August 2019, 11<sup>th</sup> November 2019 and 30<sup>th</sup> January 2020. All the Meetings were well attended. The attendance details at Meetings of the Committee are given in below Table.

Name of Members	No. of Meetings held	No. of Meetings attended
Mr. Rajeev Kumar Agarwal	4	4
Mr. Karuppasamy Singam	4	4
Mr. Abhijit Ghosh	4	4

Details of complaints/grievances received from Investors and attended to by the Company during the year 2019-20 are given in below Table.

### Status of Investor Complaints

Sr. No.	Nature of Security	No. of complaints pending as on 1st April 2019	No. of complaints received during the year	No. of complaints resolved during the year	No. of complaints pending as on 31st March 2020
1	Equity Shares	0	0	0	0
2	Non-Convertible Debentures	Not Applicable	0	0	0

### d) Corporate Social Responsibility Committee

The Corporate Social Responsibility ('CSR') Committee has been constituted by the Board of Directors with powers, inter alia, to make donations/contributions to any Charitable and/or CSR projects or programs to be implemented directly or through an executing agency or other Not for Profit Agency with minimum three years proven track record or through a Corporate Foundation or other reputed Non- Government Organisation of at least two percent of the Company's average net profits

during the three immediately preceding Financial Years in pursuance of its CSR Policy for the Company's CSR initiatives.

The role of this Committee also includes recommendation of the amount of expenditure to be incurred on the CSR activities as enumerated in Schedule VII of the Act, as also to monitor the CSR Policy from time to time, etc.

Our CSR theme is "SIGHT". "SIGHT" stands for School Education, Industry Ready Education Program, Gender Equality and Women Empowerment, Healthcare, Team SOS.

To execute these CSR activities, we collaborate with 'SMILE FOUNDATION'. Smile Foundation is an Indian, development organisation directly benefitting over 400,000 children and families through more than 200 welfare projects in Education, Health, Livelihood and Woman empowerment spread across remote villages and slums in 25 states in India.

The CSR Policy of the Company duly amended is displayed on the website of the Company at the web-link: <https://www.ugrocapital.com/investor-relations#policy-codes>

During the year under review, the CSR Committee comprised of three Independent Directors and one Executive Director.

Name of Member	Category
Mr. Satyananda Mishra	Chairman of the Committee (Independent Director)
Ms. Ranjana Agarwal	Member (Independent Director)
Mr. Navin Kumar Maini	Member (Independent Director)
Mr. Shachindra Nath	Member (Executive Director)

The Committee held one meeting during the year under review. The Committee met on 02<sup>nd</sup> May, 2019. The attendance details at Meetings of the Committee are given in below Table.

Name of Members	No. of Meetings held	No. of Meetings attended
Mr. Satyananda Mishra	1	1
Ms. Ranjana Agarwal	1	1
Mr. Navin Kumar Maini	1	1
Mr. Shachindra Nath	1	1

### e) Asset Liability Committee

The Asset Liability Committee (ALCO) has been constituted by the Board. The Board reviews the working of the Asset Liability Committee, its findings and reports in accordance with the guidelines of the Reserve Bank of India (RBI). The Asset Liability Committee reviews risk management policies related to liquidity, interest rates and investment policies.

## Corporate Governance (Contd.)

During the year under review, the Committee comprised of five Independent Directors, three Non-Executive Directors and two Executive Directors.

Name of Member	Category
Mr. Shachindra Nath	Chairman of the Committee (Executive Director)
Mr. Navin Kumar Maini	Member (Independent Director)
Mr. Satyananda Mishra	Member (Independent Director)
Mr. Abhijit Sen	Member (Independent Director)
Ms. Ranjana Agarwal	Member (Independent Director)
Mr. Rajeev Kumar Agarwal	Member (Independent Director)
Mr. Abhijit Ghosh	Member (Executive Director)
Mr. Manoj Kumar Sehrawat	Member (Non-Executive Director)
Mr. Amit Gupta	Member (Non-Executive Director)
Mr. Chetan Gupta	Member (Non-Executive Director)

The Committee met four times during the financial year on 02<sup>nd</sup> May 2019, 06<sup>th</sup> August 2019, 11<sup>th</sup> November 2019 and 30<sup>th</sup> January 2020. The attendance details at Meetings of the Committee are given in below Table.

Name of Members	No. of Meetings held	No. of Meetings attended
Mr. Shachindra Nath	4	4
Mr. Navin Kumar Maini	4	3
Mr. Satyananda Mishra	4	4
Mr. Abhijit Sen	4	4
Ms. Ranjana Agarwal	4	4
Mr. Rajeev Kumar Agarwal	4	4
Mr. Abhijit Ghosh	4	4
Mr. Manoj Kumar Sehrawat	4	3
Mr. Amit Gupta	4	3
Mr. Chetan Gupta	4	3

### f) Risk Management Committee

The Risk Management Committee has been constituted by the Board to manage the integrated risk, inform the Board about the progress made in implementing a risk management system and review periodically the Risk Management Policy and strategy followed by the Company.

During the year under review, the Risk Management Committee comprised of five Independent Directors, three Non-Executive Directors and two executive Directors:

Name of Member	Category
Mr. Navin Kumar Maini	Chairman of the Committee (Independent Director)
Mr. Satyananda Mishra	Member (Independent Director)
Mr. Abhijit Sen	Member (Independent Director)
Ms. Ranjana Agarwal	Member (Independent Director)
Mr. Karuppasamy Singam	Member (Independent Director)
Mr. Shachindra Nath	Member (Executive Director)
Mr. Abhijit Ghosh	Member (Executive Director)
Mr. Manoj Kumar Sehrawat	Member (Non- Executive Director)
Mr. Amit Gupta	Member (Non- Executive Director)
Mr. Chetan Gupta	Member (Non- Executive Director)

The Committee met four times during the financial year on 02<sup>nd</sup> May 2019, 06<sup>th</sup> August 2019, 11<sup>th</sup> November 2019 and 30<sup>th</sup> January 2020. The attendance details at Meetings of the Committee are given in below Table.

Name of Members	No. of Meetings held	No. of Meetings attended
Mr. Navin Kumar Maini	4	4
Mr. Satyananda Mishra	4	4
Mr. Abhijit Sen	4	4
Ms. Ranjana Agarwal	4	4
Mr. Abhijit Ghosh	4	4
Mr. Karuppasamy Singam	4	4
Mr. Manoj Kumar Sehrawat	4	4
Mr. Shachindra Nath	4	4
Mr. Amit Gupta	4	3
Mr. Chetan Gupta	4	3

### g) IT Strategy Committee

The Company has an IT Strategy Committee in compliance with the requirements of Reserve Bank of India ("RBI"), Master Circular - Information Technology framework for NBFC sector dated 8<sup>th</sup> June 2017.

The IT Strategy Committee comprises of Mr. Rajeev Kumar Agarwal, Independent Director (Chairman of the Committee), Mr. Abhijit Ghosh, Whole-time Director & Chief Executive Officer and Chief Technology Officer of the Company.

## Corporate Governance (Contd.)

The scope of the Committee inter alia, includes review and approval of IT strategy and policy documents, cyber security arrangements and any other matter related to IT governance.

The Committee met twice during the year on 16<sup>th</sup> July 2019 and 13<sup>th</sup> January 2020. The attendance details at Meetings of the Committee are given in below Table.

Name of Members	No. of Meetings held	No. of Meetings attended
Mr. Rajeev Kumar Agarwal	2	2
Mr. Abhijit Ghosh	2	2
Mr. Ashish Saxena*	2	1
Mr. Sunit Vakharia**	NA	NA

\*resigned w.e.f. 20<sup>th</sup> December 2019.

\*\* appointed as member of the Committee in place of Mr. Ashish Saxena w.e.f. 20<sup>th</sup> May 2020.

### DISCLOSURES

#### Policy for determining Material Subsidiaries

Your Company has formulated a Policy for determining 'Material' Subsidiaries as defined in Regulation 16 of the Listing Regulations. This Policy has been hosted on the website of the Company and can be accessed through the web-link: <https://www.ugrocapital.com/investor-relations#policy-codes>

#### Disclosure of Transactions with Related Parties

All transactions entered into with Related Parties as defined under the Act and Regulation 23 of the Listing Regulations during the financial year were in the ordinary course of business and on an arm's length basis. The details of the transaction with related parties are placed before the Audit Committee from time to time.

During the Financial Year 2019-20, there were no materially significant transactions or arrangements entered into between the Company and its Promoters, Directors or their Relatives or the Management, etc., that may have potential conflict with the interests of the Company at large. Further, details of related party transactions are presented in the Financial Statements of the Company.

#### Policy on Materiality of and Dealing with Related Party Transactions

The Company has formulated a policy on materiality of and dealing with Related Party Transactions pursuant to the provisions of the Act and Regulation 23 of the SEBI Listing Regulations, which specify the manner of entering into Related Party Transactions. During the year under review, the Policy was also amended to align it in accordance with the changes made in the SEBI Listing Regulations.

The Policy on Related Party Transactions has been hosted on the website of the Company and can be accessed through the web-link: <https://www.ugrocapital.com/investor-relations#policy-codes>

#### Disclosure of Accounting Treatment in Preparation of Financial Statements

The Financial Statements of the Company have been prepared in accordance with Indian Accounting Standards ('IND AS') notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016. The Company has adopted IND AS from 1<sup>st</sup> April, 2019 and accordingly, these Financial Statements together with the Financial Statements for the comparative reporting period have been prepared with the recognition and measurement principles stated therein, prescribed under Section 133 of the Companies Act, 2013 read with relevant Rules issued thereunder and the other accounting principles generally accepted in India.

#### Statutory Compliance, Penalties and Strictures

The Company has complied with all the requirements of regulatory authorities. No penalties or strictures were imposed on the Company by Stock Exchanges or SEBI or RBI or any statutory authority on any matter related to capital markets since the listing of the Company's Equity Shares.

#### MEANS OF COMMUNICATION

The Company, from time to time and as may be required, interacts with its shareholders, debenture holders and investors through multiple channels of communication such as announcement of financial results, postal ballot results, annual report, media releases, dissemination of information on the website of the Company and Stock Exchanges, reminders for unclaimed shares, unpaid dividend/unpaid interest or interest amount on debentures. The details of unpaid/unclaimed Dividend and interest thereon are also uploaded on the website at the web-link: <https://www.ugrocapital.com/investor-relations#unclaimed-dividend>

- The Company publishes its quarterly, half-yearly and annual results in Business Standard (all India editions) and Mumbai Lakshadeep (Mumbai edition) which are national and local dailies, respectively. These are not sent individually to the Shareholders.
- The Company also publishes certain key Notices in Business Standard, Mumbai Lakshadeep.
- The half yearly financial results of the Company are communicated to the Debentureholders every six months.
- The Annual Report of the Company, the quarterly/ half-yearly and the annual financial results and official news releases are displayed on the Company's website at <https://www.ugrocapital.com>
- The Company discloses to the Stock Exchange, all information required to be disclosed under Regulation



## Corporate Governance (Contd.)

30 read with Part 'A' and Part 'B' of Schedule III of the Listing Regulations including material information having a bearing on the performance/operations of the Company and other price sensitive information. The Company also files various compliances and other disclosures required to be filed electronically on the online portal of BSE Limited viz. BSE Corporate Compliance and Listing Centre.

- vi. The Company also makes presentations to international and national institutional investors and analysts. These presentations and other disclosures which are required to be disseminated on the Company's website under the Listing Regulations have been uploaded on the website of the Company and as per the Archival Policy of the

Company would be hosted on the website for a minimum period of five years from the date of respective disclosures.

- vii. The Company has provided a dedicated e-mail address under its Vigil Mechanism, for reporting concerns by all Employees, Directors, customers, dealers, vendors, suppliers or other stakeholders associated with the Company.
- viii. The Company's website is a comprehensive reference on the organisation's management, vision, mission, policies, corporate governance, corporate social responsibility, sustainability, investors, corporate benefits, products and services, updates and news.

### GENERAL BODY MEETINGS

The details of the last three Annual General Meetings and Special Resolutions passed:

Financial Year	Date and Time	Venue	Business Transacted by Special Resolutions
2018-19	18th September, 2019 Time: 11:00 A.M.	Shanbaug Hall, Utkarsha Mandal, Vileparle, Utkarsha Mandal Chowk, Malavia Road, Vileparle (East), Mumbai-400057	<ol style="list-style-type: none"> <li>1. Authorization for Borrowing Money under Section 180 (l) (c) of the Companies Act, 2013</li> <li>2. Authorization to sell, lease, charge and/or mortgage etc. property of the Company under section 180 (l) (a) of the Companies Act, 2013</li> <li>3. To borrow funds by way of issuance of Non-Convertible Debentures and other instruments</li> <li>4. To approve the terms of appointment of Mr. Abhijit Ghosh (DIN: 07935397) as Whole-time Director &amp; Chief Executive Officer</li> <li>5. To approve revision in remuneration of Mr. Shachindra Nath (DIN: 00510618), Executive Chairman &amp; Managing Director</li> <li>6. To approve alteration of Articles of Association of the Company</li> <li>7. To consider and approve raising of funds to the tune of INR 500 Crores (INR Five Hundred Crores) by way of issuance of securities including Equity Shares, Convertible Preference Shares, Convertible Debentures, Global Depository Receipts, American Depository Receipts etc. by way of Qualified Institutions Placement ("QIP") or through any other method, and in compliance of applicable laws</li> </ol>

## Corporate Governance (Contd.)

Financial Year	Date and Time	Venue	Business Transacted by Special Resolutions
2017-18	3rd July, 2018 Time: 11:00 A.M.	5A Maker Bhavan No. 2, Sir Vithaldas Thackersey Marg, New Marine Lines, Churchgate, Mumbai-400020	<ol style="list-style-type: none"> <li>1. Appointment of Mr. Abhijit Ghosh as Whole-time Director and Chief Executive Officer</li> <li>2. Appointment of Ms. Ranjana Agarwal as an Independent Director of the Company.</li> <li>3. Appointment of Mr. S. Karuppasamy as an Independent Director of the Company.</li> <li>4. Appointment of Mr. Satyananda Mishra as an Independent Director of the Company.</li> <li>5. Appointment of Mr. Abhijit Sen as an Independent Director of the Company.</li> <li>6. Appointment of Mr. Navin Kumar Maini as an Independent Director of the Company.</li> <li>7. Appointment of Mr. Rajeev Kumar Agarwal as an Independent Director of the Company.</li> <li>8. Appointment of Mr. Amit Gupta as a Nominee Director (investor nominee) of the Company.</li> <li>9. Appointment of Mr. Manoj Sehrawat as a Nominee Director (investor nominee) of the Company.</li> </ol>
c	28th July, 2017 Time: 11:00 A.M.	5A Maker Bhavan No. 2, Sir Vithaldas Thackersey Marg, New Marine Lines, Churchgate, Mumbai-400020	NIL

No Extraordinary General Meeting of the Shareholders and postal ballot was held during the financial year 2019-20 and No Special Resolution is proposed to be conducted through Postal Ballot as on the date of this Report.

### Compliance with Mandatory Requirements

The Company has complied with all the mandatory requirements of the Listing Regulations relating to Corporate Governance.

### Compliance with Non-Mandatory Requirements

The Company has also adopted the following non mandatory requirements to the extent mentioned below:

#### 1. Unmodified Audit Opinion

During the year under review, there is no audit qualification in your Company's standalone financial statements nor has there been a matter of emphasis made during the year. Your Company continues to adopt best practices to ensure a regime of financial statements with unmodified audit opinion.

#### 2. Separate Posts of Chairman and Managing Director and CEO

The Chairman of the Board is an Executive Director and his position is separate from that of the Chief Executive Officer.

#### 3. Reporting Internal Auditor

The Internal Auditors reports directly to the Audit Committee.

### OTHER DISCLOSURES

#### Disclosure in relation to recommendation made by Committees of the Board

During the year under review, all recommendations of the Board Committees have been accepted by the Board.

#### Details of utilisation of funds raised through Preferential Allotment or Qualified Institutions Placement

During the year under review, your Company has not raised funds through any Preferential Allotment or Qualified Institutions Placement as specified under Regulation 32 (7A) of the Listing Regulations.

## Corporate Governance (Contd.)

### Total fees paid to the Statutory Auditors

The details of total fees for all the services paid by the Company to M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, Statutory Auditors are given below:

(INR in lakhs)

Payment to Statutory Auditors	F.Y. 2019-20
Audit and related Services including reimbursement of expenses	51.28

### GENERAL SHAREHOLDERS INFORMATION

27<sup>th</sup> Annual General Meeting

Date : Friday 18<sup>th</sup> September, 2020

Time : 11:00 a.m.

### Financial Year of the Company

The financial year covers the period from 1<sup>st</sup> April to 31<sup>st</sup> March.

### Book Closure

Book Closure for dividend will be from Saturday, 12<sup>th</sup> August, 2020 to Friday 18<sup>th</sup> August, 2020, inclusive of both days.

### Registered Office and Corporate Office of the Company

Equinox Business Park, Tower 3, 4<sup>th</sup> Floor, LBS Road, Kurla (West), Mumbai - 400 070

Corporate Identification Number (CIN): L67120MH1993PLCO70739

### Listing Details

#### A. Equity Shares

The Company has listed its equity shares on the following Stock Exchange:

Name and Address of the Stock Exchange	Stock Symbol / Scrip Code	ISIN
BSE Limited Phiroze Jeejebhoy Towers, Dalal Street, Mumbai - 400 001	511742	INE583DO1011

The Company has paid the annual listing fees for the FY 2020-21 to BSE where its equity shares are listed.

#### B. Non-Convertible Debentures (NCDs)

The Company had issued 500 Secured, Redeemable Non-Convertible Debentures (NCDs) issued on private placement basis on 3<sup>rd</sup> October 2019. The NCDs were listed on the Debt Segment of BSE. These NCDs have been redeemed on 13<sup>th</sup> April 2020.

Name and Address of the Stock Exchange	Stock Symbol / Scrip Code	ISIN
BSE Limited Phiroze Jeejebhoy Towers, Dalal Street, Mumbai- 400 001	959021	INE583DO7018

The Company has paid the requisite listing fees in full.

### Debenture Trustee

Pursuant to Regulation 53 of the SEBI Listing Regulations the name and contact details of the Debenture Trustee for the privately placed NCDs are given below:

Name: Beacon Trusteeship Limited

Address: 4C, Siddhivinayak Chambers, Gandhi Magar, Opposite MIG Cricket Club, Bandra (East), Mumbai- 400051

Tel: 022-26558759

Email id: info@beacontrustee.co.in

The details are available on the website of the Company at the web-link: <https://www.ugrocapital.com/investor-relations#investor-contact>

Stock market price information

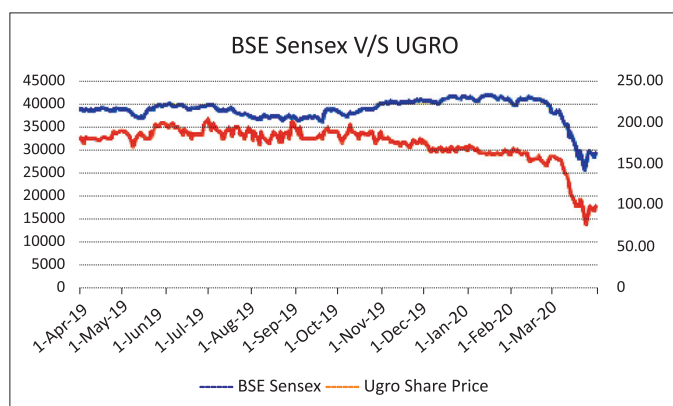
The equity shares of the Company are listed on BSE Limited

The reported high and low closing prices and volume of equity shares of the Company traded on BSE during each month in the period are set out in the following table: -

Month	High Price	Low Price
April-2019	197	153.10
May-2019	204.95	167.95
June-2019	218	172.10
July-2019	234	170.60
August-2019	207	170
September-2019	203	150.30
October-2019	225	171.30
November-2019	189.95	161.10
December-2019	178	158
January-2020	175	161.40
February-2020	180	148.50
March-2020	165	74.6

## Corporate Governance (Contd.)

### Share Price Performance



### Distribution of Shareholding:

The distribution of the shareholding of the Equity Shares of the Company by size and by ownership class as on 31<sup>st</sup> March 2020 is given below:

#### A. Shareholding pattern by size as on 31<sup>st</sup> March 2020:

Sr. No.	Category (shares)	No. of share-holders	No. of shares held	% of shareholding
1	1 to 500	1,024	1,12,511	0.15
2	501 to 1000	91	72,208	0.10
3	1001 to 2000	46	69,247	0.09
4	2001 to 3000	16	39,464	0.05
5	3001 to 4000	6	22,474	0.03
6	4001 to 5000	4	19,800	0.02
7	5001 to 10000	16	1,26,690	0.17
8	10001 to above	71	7,00,66,156	99.34
<b>TOTAL:</b>		<b>1,274</b>	<b>7,05,28,550</b>	<b>100.00</b>

#### B. Shareholding pattern by ownership as on 31<sup>st</sup> March 2020:

Sr. No.	Name of Shareholders	No. of holders	No. of Equity Shares held	% of Shareholding
1	Indian Promoters	1	30,19,817	4.28
2	Clearing Members	8	1,01,095	0.14
3	Bodies Corporate	40	27,25,999	3.87
4	Foreign Company	5	5,01,64,713	71.13
5	Hindu Undivided Family	23	3,45,126	0.49
6	Non-Resident Indians	5	2,045	0.00
7	Public	1186	44,12,895	6.26

Sr. No.	Name of Shareholders	No. of holders	No. of Equity Shares held	% of Shareholding
8	Foreign Portfolio Investors	2	37,62,500	5.34
9	Alternate Investment Funds	2	45,65,721	6.47
10	Financial Institutions	1	39	0.00
11	Insurance Companies	1	14,28,600	2.02
<b>TOTAL</b>		<b>1,274</b>	<b>7,05,28,550</b>	<b>100.00</b>

### Dematerialisation of Shares and Liquidity

As on 31<sup>st</sup> March 2020, 99.92% percent of the total equity capital was held in dematerialised form with National Securities Depository Limited and Central Depository Services (India) Limited. The Company's shares are regularly traded on BSE.

### Unclaimed Suspense Accounts

Pursuant to Regulation 34 and Part F of schedule V of Listing Regulations, details of unclaimed suspense provided by our Registrar and Transfer Agent are given below:

Sr. No.	Description	No. of shareholder	No. of shares
1	Aggregate Number of shareholders and the outstanding shares lying unclaimed as on date of Listing	Nil	Nil
2	Number of shareholders who approached listed entity for transfer of shares from suspense account during the year	Nil	Nil
3	Number of shareholders to whom shares were transferred from suspense account during the year	Nil	Nil
4	Aggregate Number of shareholders and the outstanding shares lying unclaimed as on March 31, 2020	Nil	Nil

### Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, Conversion Date and likely impact on equity

The Company has converted its Warrants, Compulsory Convertible Debentures and Compulsory Convertible Preference Shares in F.Y. 2019-20.

Out of 87,83,785 warrants, 59,56,757 were converted into equal number of equity shares and remaining 28,27,210 warrants lapsed on 1<sup>st</sup> January 2020.

## Corporate Governance (Contd.)

As on 31<sup>st</sup> March 2020, the Company did not have any outstanding GDRs/ADRs/Warrants or any Convertible Instruments.

### Commodity Price Risk or Foreign Exchange Risk and Hedging Activities

This is not applicable since the Company does not have any derivatives or liabilities denominated in foreign currency.

### Credit Rating

The credit ratings details of the Company as on 31<sup>st</sup> March 2020 were as follows:

Rating Agency	Type	Rating
Acuite Rating & Research Limited	CP (short term)	ACUITE A1
Acuite Rating & Research Limited	Bank Loans (long term)	ACUITE A / stable
Acuite Rating & Research Limited	NCDs (also under long term)	ACUITE A / stable
Acuite Rating & Research Limited	PTC (long term)	Acuite A-(SO)
Acuite Rating & Research Limited	PTC (long term)	Acuite AA-(SO)

### Plant Locations

The Company is Non-Banking Financial Company having its Registered Office and Corporate office at Equinox Business Park, 4<sup>th</sup> Floor, Tower 3, Off BKC, LBS Road, Kurla (West), Mumbai- 400070, having branches at Kolkata, Bangalore, Ahmedabad, Hyderabad, Jaipur, Pune, Chennai, & Delhi. However, there are no plants as the Company is not a manufacturing entity.

### Registrar and Share Transfer Agent and Share Transfer System

The Company's Registrar and Share Transfer Agent is Link Intime India Private Limited. All shares transfers and related operations are conducted by:

Link Intime India Private Limited,  
C 101, 247 Park,  
L B S Marg, Vikhroli (W),  
Mumbai - 400 083  
Tel: +91 22 49186000  
Fax: +91 22 49186060,  
E-mail: www.linkintime.co.in

### Share Transfer System

Trading in Equity Shares of the Company through recognised Stock Exchange is permitted only in dematerialised form.

Members holding shares in physical form are requested to get their shares dematerialised at the earliest to avoid any inconvenience in future while transferring the shares. Members are accordingly requested to get in touch with any Depository Participant having registration with SEBI to open a Demat account and get their shares dematerialised or alternatively, contact the nearest office of Link Intime to seek guidance about the dematerialisation procedure. The Members may also visit the website of the Depositories viz. (i) National Securities Depository Limited (ii) Central Depository Services (India) Limited.

The Securities Allotment & Transfer Committee is authorised to approve request for transfer/transmission of shares, issue of duplicate share/debenture certificates and allotment/conversion of securities.

### Secretarial Audit/Reconciliation of Share Capital Audit

M/s Pankaj Nigam & Associates, Company Secretaries has conducted a Secretarial Audit of the Company for the year 2019- 20. The Audit Report confirms that your Company has complied with the applicable provisions of the Act and the Rules made thereunder, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, applicable RBI Regulations, SEBI Listing Regulations with the Stock Exchanges, applicable SEBI Regulations and other laws applicable to the Company. The Secretarial Audit Report forms part of the Board's Report.

Pursuant to Regulation 40(9) of the SEBI Listing Regulations certificates have been issued on a half-yearly basis, by a qualified Company Secretary in Practice, certifying due compliance of share transfer formalities by the Company.

M/s Pankaj Nigam & Associates, Company Secretaries carries out a quarterly Reconciliation of Share Capital Audit, to reconcile the total admitted Equity Share capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed Equity Share capital. The audit confirms that the total issued/paid-up capital is in agreement with the aggregate of the total number of shares in physical form and the total number of shares in dematerialised form held with NSDL and CDSL.

### Annual Secretarial Compliance Report

Pursuant to SEBI Circular dated 8<sup>th</sup> February, 2019, the Annual Secretarial Compliance Report for the financial year 2019-20 issued by M/s Pankaj Nigam & Associates, Company Secretaries, confirming compliance with all applicable SEBI Regulations and Circulars/Guidelines issued thereunder, has been submitted to the Stock Exchanges within 60 days of the



## Corporate Governance (Contd.)

end of the financial year.

### Address for Correspondence

#### 1. Equity Shares

Shareholders may correspond with the Registrar and Transfer Agents at:

Link Intime India Private Limited,  
C 101, 247 Park,  
L B S Marg, Vikhroli (W),  
Mumbai - 400 083  
Tel: +91 22 49186000  
Fax: +91 22 49186060,  
E-mail: [www.linkintime.co.in](http://www.linkintime.co.in)

on all matters relating to transfer, transmission, dematerialisation of shares, payment of dividend, change of address, change in bank details and any other query relating to the Equity Shares of the Company.

Shareholders would have to correspond with the respective Depository Participants for shares held in dematerialised mode

#### 2. Non-Convertible Debentures

Link Intime India Private Limited also acts as Registrar and Transfer Agents for the Listed Non-Convertible Debentures of the Company.

Complaints or queries/requests with respect to the Company's Privately Placed Debentures may be directed to Mr. Amit Dabhade, Email Id: [debtca@linkintime.co.in](mailto:debtca@linkintime.co.in) ; Tel : +91 22 49186101.

Debentureholders would have to correspond with the respective Depository Participants for Debentures held in dematerialised mode.

## Corporate Governance (Contd.)

### CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of  
U GRO Capital Limited  
(formerly known as Chokhani Securities Limited)  
Equinox Business Park, Tower 3,  
Fourth Floor, Off BKC, LBS Road,  
Kurla, Mumbai - 400070

We have examined the compliance of the conditions of Corporate Governance by U GRO Capital Limited ('the Company') for the year ended on March 31, 2020, as stipulated under Regulations 17 to 27, clauses (b) to (i) of sub regulation (2) of Regulation 46 and para C, D of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

The compliance of the conditions of Corporate Governance is the responsibility of the management of the Company. Our examination was limited to the review of procedures and implementation thereof, as adopted by the Company for ensuring compliance with conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations for the year ended on March 31, 2020.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**Date: 17/04/2020**

**Place: Ghaziabad**

**For PANKAJ NIGAM & ASSOCIATES  
Company Secretaries**

**sd/-  
(Pankaj Kumar Nigam)  
Membership No. FCS-7343  
Certificate of Practice No. 7979  
UDIN: FOO7343B000164115**

## Corporate Governance (Contd.)

Annexure B

### MD/CEO & CFO CERTIFICATE

- To,  
The Board of Directors of U GRO Capital Limited
- A. We have reviewed financial statements and the cash flow statement for the year and that to the best of their knowledge and belief:
- (a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and
  - (b) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year/ year till date which are fraudulent, illegal or violative of the Company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies;
- D. We have indicated to the auditors and the Audit Committee:
- (i) significant changes in internal control over financial reporting during the year/ year till date.
  - (ii) significant changes in accounting policies during the year/ year till date and that the same have been disclosed in the notes to the financial statements.
  - (iii) details pertaining to all related party transactions between Key Managerial Personnel and their Related Party(ies) on a periodic basis; and
  - (iv) instances of significant fraud of which we have become aware and the involvement therein, if any, of the Management Team or an Employee having a significant role in the Company's internal control system over financial reporting.

sd/-  
**Shachindra Nath**  
Executive Chairman & Managing Director  
DIN: 00510618

sd/-  
**Abhijit Ghosh**  
Whole-time Director & Chief Executive Officer  
DIN: 07935397

Sd/-  
**Kalpeshkumar Ojha**  
Chief Financial Officer  
Date: 20<sup>th</sup> May 2020

### DECLARATION REGARDING CODE OF CONDUCT OF THE COMPANY

To,  
The Members of U GRO Capital Limited

This is to confirm that the Company has adopted code of conduct for the Board of Directors and Senior Management personnel of the Company, which is available at [www.ugrocapital.com](http://www.ugrocapital.com)

I declare that the Board of Directors and Senior Management Personnel have affirmed compliance with the code of conduct of the Company for the financial year ended 31<sup>st</sup> March 2020.

Place: Mumbai  
Date: 20<sup>th</sup> May 2020

Sd/-  
**Abhijit Ghosh**  
Whole-time Director & Chief Executive Officer  
(DIN 007935397)

# BUSINESS RESPONSIBILITY REPORT

## Section A: General Information about the Company

1.	Corporate Identity Number (CIN) of the Company	L67120MH1993PLCO70739
2.	Name of the Company	U GRO CAPITAL LIMITED
3.	Registered address	Equinox Business Park, Tower 3, Fourth Floor, Off BKC, LBS Road, Kurla Mumbai - 400070
4.	Website	www.ugrocapital.com
5.	Email id	cs@ugrocapital.com
6.	Financial year reported	2019-20
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	National Industrial Classification 2008 Section K: Other financial service activities, except insurance and pension funding activities Activities Code: 649
8.	List Three key products/services of the Company (as in balance sheet)	U GRO Capital is a financial services Company offering financing through varied loan products.
9(i).	Number of international locations	NIL
9(ii).	Number of National locations	U GRO Capital has its Registered and Corporate Office at Mumbai in the state of Maharashtra have pan-India presence through a network of branches.
10.	Markets served by the Company - Local/State/ National/International	U GRO Capital serves its customers in various local/states/national locations.

## Section B: Financial Details of the Company

1.	Paid up capital (INR)	70,52,85,500/-
2.	Total turnover (INR)	1,05,14,37,000/-
3.	Total profit after taxes (INR)	19,51,86,000/-
4.	CSR spend as percentage of profit after tax (%)	Please refer Annual Report on CSR activities annexed to Directors' Report.
5.	List of activities in which expenditure in 4 above has been incurred	Please refer Annual Report on CSR activities annexed to Directors' Report.

## Section C: Other details

1.	Company subsidiaries/joint-ventures	NIL
2.	Subsidiaries participating in Company's	NIL
3.	Other entities ((e.g. suppliers, distributors etc.) participating in Company's BR initiatives	NIL

## Business Responsibility (Contd.)

### Section D (1): Business Responsibility Information

1.a.	Director responsible for implementation of BR policies, Director Identification Number (DIN)	OO51O618
	Director responsible for implementation of BR policies (Name)	Mr. Abhijit Ghosh
	Director responsible for implementation of BR policies (Designation)	Whole-time Director and Chief Executive Officer
1.b.	BR Head (DIN, if applicable)	NA
	BR Head (Name)	Mr. Anuj Pandey
	BR Head (Designation)	Chief Operating Officer
	BR Head (Telephone number)	+91-22- 48918603
	BR Head (email id)	anuj.pandey@ugrocapital.com

### 2. Principle-wise (as per NVGs) BR Policy/policies

#### a) Details of Compliance (Reply in Y/N)

National Voluntary Guidelines (NVGs) on social, environmental and economic responsibilities of business prescribed by the Ministry of Corporate Affairs advocates the nine principles detailed below:

P1 - Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

P2 - Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

P3 - Businesses should promote the wellbeing of all employees

P4 - Businesses should respect the interests of, and be responsive towards stakeholders, especially those who are disadvantaged, vulnerable and marginalised

P5 - Businesses should respect and promote human rights

P6 - Business should respect, protect, and make efforts to restore the environment

P7 - Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

P8 - Businesses should support inclusive growth and equitable development

P9 - Businesses should engage with and provide value to their customers and consumers in a responsible manner The principle wise responses are as follows:

No	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1.	Do you have policy/policies for...	Y	Y	Y	Y	Y	Y	N	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	-	Y	Y
3.	Does the policy conform to any national /international standards? If yes, specify?	Y	Y	Y	Y	Y	Y	-	Y	Y
4.	Has the policy being approved by the Board? If yes, has it been signed by MD / owner / CEO / appropriate Board Director?	Y	Y	Y	Y	Y	Y	-	Y	Y
5.	Does the company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	-	Y	Y



## Business Responsibility (Contd.)

No	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
6.	Indicate the link for the policy to be viewed online?	Y	Y	Y	Y	Y	Y	-	Y	Y
		The following policies are available on the Company's website <a href="http://www.ugrocapital.com">www.ugrocapital.com</a> <ul style="list-style-type: none"> <li>· Fair Practice Code</li> <li>· Grievance Redressal Policy</li> <li>· Policy for determining Material Subsidiary</li> <li>· Preservation of Documents and Archive policy</li> <li>· Nomination and Remuneration Policy</li> <li>· Whistle Blower Policy</li> <li>· Code of Conduct of Directors and Senior Management</li> <li>· Policy on Corporate Social Responsibility</li> <li>· Policy on Related Party Transactions</li> </ul>								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	-	Y	Y
8.	Does the company have inhouse structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	-	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	-	Y	Y
10.	Has the company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	-	Y	Y

3 - The Company has in place Code of Conduct, Whistle blower Policy, Anti Money Laundering Policy, Fraud Monitoring Policy, Fair Practices Code and other policies which are based on guidelines and key indicators prescribed under rules and regulations of RBI/SEBI and as per Companies Act, 2013. Sr. No. 6 - The policies are available on the website of the company i.e: [www.ugrocapital.com](http://www.ugrocapital.com).

The internal policies and documents are accessible only to employees of the organisation and made available through U GRO Intranet.

P2 The Company complies regulating governing products and services. The company has a Corporate Social Responsibility Policy which is available on the website of the Company i.e. [www.ugrocapital.com](http://www.ugrocapital.com).

P3 Sr. No. 3 - The Company has adopted various employee oriented policies covering areas of employee benefits, insurance benefits, prevention of sexual harassment policy and code of conduct for employees at the workplace as per applicable laws. Sr. No 6 - These policies can be accessed online by the employees of the Company only.

P4 Sr. No. 3 and 6 - The Company has prescribed processes to achieve the objectives described under this principle. The Company has a Corporate Social Responsibility Policy formulated as per Companies Act, 2013 which can be viewed on the website of the Company i.e. [www.ugrocapital.com](http://www.ugrocapital.com).

P5 Sr. No. 3 - U GRO Capital has put in place Code of Conduct which focuses on best employment practices. The Code of Conduct is in adherence to the regulatory and business requirements. Sr. No 6 - The said Code of Conduct can be accessed online by the employees of the Company only.

## Business Responsibility (Contd.)

P6 Sr. No. 3 and 6

We do not fund high risk projects from Environment perspective. Since our customers are MSME customers and we ensure basic compliance to Indian laws. We also endeavor to ensure that they meet all environment and social norms during the currency of the loan.

P7 Keeping in view the Company's nature of business i.e. financial services, such policy is not applicable to the Company.

P8 Sr. No. 3 and 6- The Company has a Corporate Social Responsibility Policy formulated as per Companies Act, 2013 which can be viewed on the website of the Company i.e. [www.ugrocapital.com](http://www.ugrocapital.com)

P9 Sr. No. 3: U GRO Capital has Grievance Redressal Policy for its customers which conform to the regulatory guidelines. Sr. No. 6- The policies can be viewed online on [www.ugrocapital.com](http://www.ugrocapital.com)

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options).

No	Section D: BR Information - Principle-wise (as per NVGs) explanation	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1.	Not understood the principles. .	-	-	-	-	-	-	-	-	-
2.	Not at a stage where it finds itself in a position to formulate and implement the policies on specified principles . . .	-	-	-	-	-	-	-	-	-
3.	Does not have financial or manpower resources available for the task . . .	-	-	-	-	-	-	-	-	-
4.	Planned to be done within next 6 months . . .	-	-	-	-	-	-	-	-	-
5.	Planned to be done within the next 1 year . .	-	-	-	-	-	-	-	-	-
6.	Other reasons. . . . Keeping in view the Companies nature of business i.e. financial services, such policy is not applicable to the Company	-	-	-	-	-	-	✓	-	-

No	Section D (3): BR Governance	
3.a.	Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year	Annually.
3.b.	Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	This Business Responsibility Report of the Company is a part of the Annual Report for the Financial Year 2019-20. The same will also be available on the website of the Company i.e. <a href="http://www.ugrocapital.com">www.ugrocapital.com</a>

## Business Responsibility (Contd.)

### Section E: Principle-wise Performance

#### Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and

##### Accountability

- 1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint-Ventures/Suppliers/Contractors/NGOs/ Others?**

U GRO Capital has put in place a Code of Conduct and Ethics policy that is applicable to all its employees. The Code articulates the ethical principles and acceptable behaviour that the employees are expected to demonstrate to uphold the values of the Company. The Code covers aspects related, but not limited, to ethics accountability, conflict of interest, bribery and corruption. The Code of Conduct is also applicable to Directors of the Company.

- 2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.**

The number of complaints received from shareholders in F.Y. 2019-20 was NIL and no complaint was pending as on 31<sup>st</sup> March, 2020.

With respect to employees, the Company has a mechanism provided under the Whistle Blower Policy whereby employees can raise their concerns. A report on the concerns received and the manner in which they are dealt with is periodically reported to the Audit Committee.

#### Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

Secured SME loan - Company provides loans to Micro Small and Medium Enterprises to achieve their Capital asset creation needs. These loans are for the purpose of revenue generation and further sustenance of business cycle. This helps Micro, Small and Medium Enterprises realize their potential to achieve higher revenues in most efficient ways to achieve higher level of growth. While lending these loans company ensures the legality, enforceability and ownership of assets thereby ensuring adherence to the local laws and regulations.

Unsecured SME Loan - Company provides loans to Micro Small and Medium Enterprises to help in their working capital management for short to medium term. These loans are typically provided for stocks, business expansion, short term working capital needs of businesses. This product supports customer to keep running the business and provides support to MSME customers which is one of the big contributors to Indian Economy

Supply Chain Finance - This is also a working capital loan provided to MSME customers for their need of working capital. The bills raised by these customers are discounted

and funds provided to them immediately instead of waiting for completion of credit period. This enables these small businesses to efficiently run their business setups and adequate supply of credit flow is maintained in the system.

This timely and adequate credit helps MSME customers to sustain their production cycles and keep the economic activity running.

- 1. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):**

- i. Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?**
- ii. Reduction during usage by consumers (energy, water) has been achieved since the previous year?**

Considering the nature of business of the Company and the products/initiatives referred to above, some of the questions below are not applicable to the Company.

- Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain? N.A.
- Reduction during usage by consumers (energy, water) has been achieved since the previous year? N.A

- 2. Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably?**

U GRO Capital being a financial services Company does not have any goods and raw material utilisation as part of its products and services. Its major material requirements are related to office infrastructure, administration and IT related equipment and services. Although, there is very limited procurement requirement, the Company takes various initiatives to have responsible sourcing.

- 3. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

Company procures its necessary requirements from local suppliers and vendors.

- 4. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.**

The Company is not a manufacturing entity. This is first year of company's operation. We will be processing electronic waste (whenever generated) through certified electronic waste recycling vendor post backup and

## Business Responsibility (Contd.)

deletion of entire company data. Further major electronic devices like desktops and laptops are on rental basis, such devices would be returned to the respective vendor post backup and deletion of entire company data.

### Principle 3: Businesses should promote the wellbeing of all employees

**1. Please indicate the Total number of employees (as at 31.03. 2020)**

The Company had 220 employees (including contractual employees) as on 31<sup>st</sup> March, 2020

**2. Please indicate the Total number of employees hired on temporary / contractual / casual basis. (as at 31.03.2020)**

The Company had 55 employees as on 31<sup>st</sup> March, 2020 on contractual basis.

**3. Please indicate the Number of permanent women employees. (as at 31.03.2020)**

The Company had 21 women employees as on March 31, 2020.

**4. Please indicate the Number of permanent employees with disabilities (as at 31.03.2020)**

U GRO Capital does not specifically track the number of disabled employees. U GRO Capital is an equal opportunity employer and treats all its employees equally.

**5. Do you have an employee association that is recognized by management?**

No.

**6. What percentage of your permanent employees is members of this recognized employee association?**

Not applicable

**7. Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.**

No cases were in the Company. No complaints were received in other areas.

**8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?**

- Permanent Employees
- Permanent Women Employees
- Casual/Temporary/Contractual Employees
- Employees with Disabilities

Following elements fall under the purview of employee safety:

a. Information Security Awareness

Information security awareness and training is undertaken to ensure that there is no data theft or leakage or malicious content which may disrupt the functioning of the organisation.

b. Prevention against Sexual Harassment at Work place

Apart from the presence of a Prevention of Sexual Harassment Committee, A classroom session for POSH is organized for every individual at time of induction itself .

c. Health Safety

Often health check-up camps and yoga sessions are conducted to ensure mental and physical well being of employees, irrespective of gender.

d. Safety against indulging in Insider trading activities

The Company has laid down clear policy on Insider trading norms and every employee undertakes a commitment towards not engaging in acts which fall under the purview of insider trading norms. Key organizational policies like KYC and Anti Money Laundering, Prevention of Sexual Harassment, Information Security etc are available to employees throughout the year through digital medium.

### Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

**1. Has the company mapped its internal and external stakeholders?**

Yes.

**2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders?**

Yes.

**3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.**

The Company under its CSR Policy has its own theme. Our CSR theme is "SIGHT". "SIGHT" stands for School Education, Industry Ready Education Program, Gender Equality and Women Empowerment, Healthcare, Team SOS to execute these CSR activities we collaborate with 'SMILE FOUNDATION'. Smile Foundation is an Indian, development organisation directly benefitting over 400,000 children and families through more than 200 welfare projects in Education, Health, Livelihood and Woman empowerment spread across remote villages and slums in 25 states in India.

For details, please refer Annual Report on CSR Activities annexed to Directors' Report.

## Business Responsibility (Contd.)

### Principle 5: Businesses should respect and promote human rights

1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

U GRO Capital Limited follows the code of conduct which is applicable to all the employees of the Company. In addition, the Company's whistle blower program covers all its internal and external stakeholders.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

Please refer to response to point no. 2 under Principle 1 for details on stakeholder complaints.

### Principle 6: Business should respect, protect, and make efforts to restore the environment

1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.

As mentioned under responses to Principle 2, given the nature of business of the Company this Principle is not largely relevant.

2. Does the company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.

We are an environment friendly organisation constantly focused on having solutions which minimize impact on environment. We have chosen to have our IT infrastructure & data storage on cloud which is much more sustainable, consumes less power and generates very little e-waste compared to traditional on-premise hard drives/servers. We have an Environment & Social risk (ESRM) policy in place to ensure effective environmental and social management practices in all our activities, products & services.

3. Does the company identify and assess potential environmental risks?

Not Applicable

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

Not Applicable.

5. Has the company undertaken any other initiatives on - clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

Yes, we are making programs for lending to small businesses engaged in energy efficient/renewable energy

segments. We have with partnered with Sunvest Capital (NBFC) focused on providing rooftop solar panel financing. <https://mercomindia.com/u-gro-capital-sunvest-capital-launch-solar-financing-program-india/>.

6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?

Not Applicable

7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

None

### Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

U GRO Capital holds membership or crucial Association like Internet and Mobile Association of India (IAMAI) and Finance Industry Development Council (FIDC).

As a tech enabled lending platform, both are important. The Internet and Mobile Association of India (IAMAI) which is body whose mandate is to expand and enhance the online and mobile value-added services across all sectors. As members, U GRO Capital is also part of the Fintech Convergence Council (FCC). FCC works closely with the Ministry & regulators like Reserve Bank of India (RBI), Ministry of Finance, Insurance Regulatory & Development Authority, SEBI & any similar government departments, bodies or Institution to grow the penetration of financial services.

Finance Industry Development Council (FIDC) is a Representative Body of Asset and Loan Financing of the NBFCs registered with the Reserve Bank of India. It is engaged in regular interaction both with Reserve Bank of India and Government of India, which include pre-budget meetings and important policy related meetings with RBI, for development of NBFCs in India.

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes / No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

Being a young organisation, we have acquired memberships of the above mentioned bodies recently and have therefore not lobbied or advocated with them for advancement or improvement of public good so far.



## Business Responsibility (Contd.)

However, given that we cater to the MSME sector which is one of the most important contributors to India's GDP, we will soon take up causes which have Environmental, Social and Governance impact and will look forward to the support of these bodies to support our cause for greater good of the country.

### Principle 8: Businesses should support inclusive growth and equitable development

#### 1. Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.

Yes - Through its CSR initiative as a first step, U GRO Capital has extended education support for the underprivileged children. Under the "Mission Education" program of Smile Foundation. As a part of U GRO Capital initiative, Smile Foundation will provide educational support to 100 children, in the age group 6-18 years for a period of 14 months. Mission Education Program follows different approaches namely Remedial, Non-formal-Bridge and Formal educational support for its children beneficiaries across the country.

At U GRO Capital we realise that a society in which women cannot realise their full potential loses out on the significant potential for innovation, economic growth, and job creation. One of the most significant reason for low participation of women in the economy is access to Finance. U GRO Capital launched a new product to empower female entrepreneurs. We call it "Narayani". This product is available to all SME enterprises that are owned and managed by female entrepreneurs

#### 2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?

In association with a local partner.

#### 3. Have you done any impact assessment of your initiative?

Yes - quarterly tracking is done to check the progress of the activities.

#### 4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?

Please refer Annual Report on CSR Activities annexed to Directors' Report.

#### 5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

For our CSR activities our CSR partner, Smile Foundation, monitors the progress. They help us in keeping an eye on the fund utilization and the progress made in the program supported by U GRO Capital. For other initiatives we use our marketing team and our business team on the ground to create awareness and to increase penetration. We send out regular mails and informative brochures to all our partners. Our team on the ground trains all partners to ensure maximum possible participation.

### Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner

#### 1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.

Please refer the response to the point 2 under Principle 1 for details on customer complaints.

#### 2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A./ Remarks (additional information)

Since the Company is not a manufacturing entity, the above question is not applicable

#### 3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so

No cases have been filed against the Company.

#### 4. Did your company carry out any consumer survey/ consumer satisfaction trends?

In the normal course of the Company's services to customers, the customer service teams do ascertain the satisfaction of the customers as per its systems and methodologies as also the management assesses the customer satisfaction level on important/critical areas from time to time. However, no such formal consumer survey/ consumer satisfaction trend has been carried out by the Company.

# INDEPENDENT AUDITOR'S REPORT

**To The Members of UGRO CAPITAL LIMITED**

**Report on the Audit of the Financial Statements**

## **Opinion**

We have audited the accompanying financial statements of **UGRO CAPITAL LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March 2020, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") read with note (i) of Emphasis of Matter below and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

## **Basis for Opinion**

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

## **Emphasis of Matter**

- i. We draw attention to Note 44 to the Financial Statements, which describes the accounting for the Scheme of Arrangement on appointed date as per the approval of National Company Law Tribunal. Our opinion on the Statement is not modified in respect of this matter.
- ii. As more fully described in Note 55 (a) to the Financial Statements, to assess the recoverability of certain assets, the Company has considered currently available internal and external information in respect of the current and estimated future global economic indicators consequent to the global health pandemic. The actual effect of the pandemic may be different from that considered in assessing the recoverability of these assets. Our opinion on the Statement is not modified in respect of this matter.

## **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

## Auditor's Report (Contd.)

Sr. No.	Key Audit Matter	Auditor's Response
1	<p>(Refer Note 46 to the financial statements)</p> <p>As at March 31, 2020, loan assets aggregating to ₹ 82,328.19 lacs, constituting 69% of the Company's total assets and the related impairment provisions amounting to ₹ 1047.80 lacs including macro economic overlays on account of COVID. Since the loans and advances form a major portion of the Company's assets, and due to the significance of the judgments used in classifying loans and advances into various stages as stipulated in IND AS 109 and determining related impairment provision requirements, this is considered to be the area that had a greater focus of our overall audit of the Company and a key audit matter.</p> <p>As part of our risk assessment, we determined that the allowance for ECL on loan assets (including undisbursed commitments) has a high degree of estimation uncertainty, with a potential range of reasonable outcomes for the financial statements.</p> <p>The elements of estimating ECL which involved increased level of audit focus are the following:</p> <ul style="list-style-type: none"> <li>• Qualitative and quantitative factors used in staging the loan assets.</li> <li>• Basis used for estimating Probabilities of Default ("PD").</li> <li>• Basis used for estimating Loss Given Default ("LGD")</li> <li>• Inputs and Judgements used in determination of management overlay at various asset stages considering the current uncertain economic environment arising out of the COVID 19 Pandemic</li> </ul>	<p><b>Principal audit procedures:</b></p> <p>We have examined the policies approved by the Board of Directors of the Company for the methodology to be adopted for computation of ECL ("ECL Model")</p> <p>Additionally, we have confirmed that adjustments to the output of the ECL Model is consistent with the documented rationale and basis for such adjustments and that the amount of adjustment has been approved by the Audit Committee of the Board of Directors</p> <p>Our audit procedures related to the allowance for ECL included the following, among others:</p> <ul style="list-style-type: none"> <li>• Testing the design and effectiveness of internal controls over the: <ul style="list-style-type: none"> <li>– completeness and accuracy of the Exposure at Default ("EAD") and the classification thereof into stages consistent with the definitions applied in accordance with the policy approved by the Board of Directors including the appropriateness of the qualitative factors to be applied.</li> <li>– scorecards and PD rates sent by the external credit rating agency to the Company.</li> <li>– where relevant, we used Information System specialists to gain comfort on data integrity and completeness of the aging report based on which the Staging of the loans is done into Stage 1, 2 and 3</li> <li>– computation of the ECL including methodology used to determine macro economic overlays and adjustments to the output of the ECL Model.</li> </ul> </li> <li>• Also, for a sample of ECL on loan assets tested: <ul style="list-style-type: none"> <li>– completeness and accuracy of information used in the estimation of the PD for the different stages depending on the nature of the portfolio. For Probability of Default (PD) used in the ECL calculations we checked that the PDs used for a sample of exposures is as per the above scorecards provided by the External Credit Rating agency;</li> <li>– we tested that the Loss Given Default (LGD) used in the ECL calculations is as per the Foundational-Internal Rating Based (F-IRB) approach, including the appropriateness of the use of collateral and the resultant arithmetical calculations.</li> <li>– for exposures determined to be individually impaired, we tested a sample of loans and advances and examined management's estimate of future cash flows, assessed their reasonableness and checked the resultant provision calculations. We also evaluated reasonableness of LGD estimates by comparing actual recoveries post the loan asset becoming credit impaired with estimates of LGD.</li> <li>– we tested computation of provision for expected credit loss by using PD and LGD (EAD*PD*LGD*) to ensure the correctness of the Company's working</li> <li>– we tested the appropriateness of the opening balance adjustments to verify the bifurcation of impairment loss into transition adjustment and charge for the period</li> </ul> </li> <li>• We also tested the adequacy of the adjustment including management's assessment of additional provision due to the Covid-19 impact after stressing the inputs used in determining the output as per the ECL Model and ensured that the adjustment was in conformity with the amount approved by the Audit Committee.</li> <li>• We also assessed the disclosures made in relation to the ECL allowance to confirm compliance with the provisions of Ind AS 107.</li> </ul>

## Auditor's Report (Contd.)

Sr. No.	Key Audit Matter	Auditor's Response
2	<p>The Company is highly dependent on technology due to significant number of transactions that are processed electronically daily. Accordingly, our audit procedures have a focus on IT systems (Loan Origination System and Loan Management System) and controls due to the pervasive nature and complexity of the IT environment, the large volume of transactions processed daily and the reliance on automated and IT dependent manual controls. Our areas of audit focus included Access Security (including controls over privileged access), Program Change controls and Network Operations.</p> <p>Absence of segregation of duties may result in a risk of intended or unintended manipulation of data that could have a material effect on the completeness and accuracy of the financial statements.</p> <p>Due to the pervasive nature and use of IT systems, we assess the risk of a material misstatement arising from access to technology as a significant matter for the audit.</p>	<p><b>Principal audit procedures performed:</b></p> <p>For the key IT systems used to prepare accounting and financial information:</p> <ul style="list-style-type: none"> <li>We obtained an understanding of the Company's business IT environment. Furthermore, we conducted a risk assessment and identified IT applications (Loan Origination System and Loan Management System), databases and operating systems that are relevant to our audits;</li> <li>We tested the design, implementation and operating effectiveness of the Company's General IT controls over the information systems that are critical to financial reporting. This included evaluation of Company's controls to ensure that access was provisioned / modified based on duly approved requests, access for exit cases was revoked in a timely manner and access of all users was re-certified during the period of audit. Further, controls related to program change were evaluated to verify whether the changes were approved, tested in an environment that was segregated from production and moved to production by appropriate users;</li> <li>We tested the controls to ensure that segregation of duties was monitored and conflicting access was either removed or mapped to mitigating controls, which were documented and tested;</li> <li>We tested the controls over network segmentation, restriction of remote access to the Company's network, controls over firewall configurations and mechanisms implemented by the Company to prevent, detect and respond to network security incidents;</li> <li>We also tested automated business cycle controls and report logic for system generated reports relevant to the audit, for completeness and accuracy;</li> <li>Where deficiencies were identified, we tested compensating controls or performed alternate procedures to assess whether there were any unaddressed IT risks that would impact the completeness and accuracy of data.</li> </ul>

### Information Other than the Financial Statements and Auditor's Report Thereon

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the financial statements and our auditor's report thereon. The Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information is expected to be made available to us after the date of this auditor's report.
- Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.
- In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- When we read the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information'

### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting

## Auditor's Report (Contd.)

principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances,



## Auditor's Report (Contd.)

we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The comparative financial information of the Company for the year ended 31st March 2019 and the related transition date opening balance sheet as at 1st April 2018 included in these financial statements, have been prepared after adjusting previously issued financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 to comply with Ind AS. The adjustments made to the previously issued financial statements to comply with Ind AS have been audited by us. Our opinion on the financial statements is not modified in respect of this matter.

### Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report, that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company.
  - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
  - e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
  - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants

(Firm's Registration No. 117366W/W-100018)

Anjum A. Qazi

(Partner) (Membership No. 104968)

(UDIN: 20104968AAAABZ4582)

Place: MUMBAI

Date: June 13, 2020

## Auditor's Report (Contd.)

### **ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT**

(Referred to in paragraph 1 (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

#### **Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of **UGRO CAPITAL LIMITED** ("the Company") as of March 31, 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## Auditor's Report (Contd.)

### Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants

(Firm's Registration No. 117366W/W-100018)

Anjum A. Qazi

(Partner) (Membership No. 104968)

(UDIN: 20104968AAAABZ4582)

Place: MUMBAI

Date: June 13, 2020

## Auditor's Report (Contd.)

### ANNEXURE "B" TO THE AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

**Report on Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government in terms of Section 143(11) of the Companies Act, 2013 ('the Act') of UGRO CAPITAL LIMITED ('the Company')**

- (i) In respect of its fixed assets:
- The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
  - The Company has a program of verification of fixed assets to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
  - The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause (i) (c) of the CARO 2016 is not applicable.
- (ii) The Company does not have any inventory and hence reporting under clause (ii) of the CARO 2016 is not applicable.
- (iii) According to the information and explanations given to us, the Company has granted secured loans, to companies covered in the register maintained under section 189 of the Companies Act, 2013, in respect of which:
- The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company's interest.
  - The schedule of repayment of principal and payment of interest has been stipulated and receipts of principal amounts and interest have been regular as per stipulations.
  - There is no amount overdue for more than 90 days at the balance sheet date.
- (iv) The provisions of section 185 and 186 of the Companies Act, 2013 is not applicable to the Company. Consequently, provisions of para 3(iv) of the Order is not applicable to the Company.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year and does not have unclaimed deposits as at 31 March 2020 and therefore reporting under clause 3(v) of the Order is not applicable to the Company.
- (vi) Having regard to the nature of the Company's business / activities, reporting under clause (vi) CARO 2016 is not applicable.
- (vii) According to the information and explanations given to us in respect of statutory dues:
- The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Goods and Service tax, cess and other material statutory dues applicable to it to the appropriate authorities.
  - There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, cess, Goods and Service tax and other material statutory dues in arrears as at 31 March 2020 for a period of more than six months from the date they became payable.
  - Details of dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, and Value Added Tax which have not been deposited as on March 31, 2020 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates (A.Y.)	Amount Involved (Rs.)	Amount Unpaid (Rs.)
Income Tax Laws	Income Tax	Assessing Officer	2012-13	274,130	274,130

## Auditor's Report (Contd.)

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates (A.Y.)	Amount Involved (Rs.)	Amount Unpaid (Rs.)
Income Tax Laws	Income Tax	Commissioner of Income Tax (Appeal)	2009-10	3,741,900	3,741,900
Income Tax Laws	Income Tax	Assessing Officer	2016-17	5,26,334	5,26,334
Income Tax Laws	Income Tax	High Court	2008-09	3,778,234	3,778,234

All the above tax matters are covered by a deed of indemnity entered by existing promoters with erstwhile promoters and hence no provision/ disclosure as contingent liability is required to be made in books of accounts.

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and government and dues to debenture holders.
- (ix) In our opinion and according to the information and explanations given to us, money raised by way of term loans have been applied by the Company during the year for the purposes for which they were raised, other than temporary deployment pending application of proceeds. The Company did not raise money by way of initial public offer (including debt instruments) during the year.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and it has obtained the registration.

For **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants

(Firm's Registration No. 117366W/W-100018)

Anjum A. Qazi

(Partner) (Membership No. 104968)

(UDIN: 20104968AAAABZ4582)

Place: MUMBAI

Date: June 13, 2020



## Balance Sheet as at 31<sup>st</sup> March 2020

(Currency : ₹ in lacs)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
<b>I. ASSETS</b>				
<b>Financial assets</b>				
Cash and cash equivalents	3	874.64	32,086.98	0.87
Bank balances other than cash and cash equivalents	4	321.97	13,654.98	-
Trade receivables	5	657.93	232.00	-
Loans	6	83,238.19	7,889.47	-
Investments	7	7,250.81	10,678.86	4,220.74
Other financial assets	8	22,097.49	18,330.48	-
		<b>114,441.03</b>	<b>82,872.77</b>	<b>4,221.61</b>
<b>Non-financial assets</b>				
Current tax assets (net)	9	143.72	149.07	11.25
Deferred tax assets (net)	10	2,156.31	239.94	-
Property, plant and equipment	11	586.82	391.13	-
Right of use asset	12	1,344.01	1,627.66	-
Intangible assets under development	13	93.96	1,086.58	-
Other intangible assets	14	1,839.34	-	-
Other non-financial assets	15	641.06	480.50	-
		<b>6,805.22</b>	<b>3,974.88</b>	<b>11.25</b>
<b>TOTAL ASSETS</b>		<b>121,246.25</b>	<b>86,847.65</b>	<b>4,232.86</b>
<b>II. LIABILITIES AND EQUITY</b>				
<b>LIABILITIES</b>				
<b>Financial liabilities</b>				
Payables	16			
(A) Trade payables				
(i) total outstanding dues of micro enterprises and small enterprises		10.14	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		1,039.00	90.50	0.64
(B) Other payables				
(i) total outstanding dues of micro enterprises and small enterprises		-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		371.36	501.26	-
Debt securities	17	5,009.41	-	-
Borrowings (other than debt securities)	18	20,444.46	973.60	-
Other financial liabilities	19	1,870.87	1,767.52	-
		<b>28,745.24</b>	<b>3,332.88</b>	<b>0.64</b>

## Balance Sheet as at 31<sup>st</sup> March 2020 (Contd.)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
<b>Non-financial liabilities</b>				
Provisions	20	199.72	68.87	-
Deferred tax liabilities (net)	10	-	-	147.07
Other non-financial liabilities	21	148.93	156.34	0.10
		348.65	225.21	147.17
<b>TOTAL LIABILITIES</b>		<b>29,093.89</b>	<b>3,558.09</b>	<b>147.81</b>
<b>Equity</b>				
Equity share capital	22	7,052.86	2,333.15	469.85
Other equity	23	85,099.50	80,956.41	3,615.20
<b>TOTAL EQUITY</b>		<b>92,152.36</b>	<b>83,289.56</b>	<b>4,085.05</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>121,246.25</b>	<b>86,847.65</b>	<b>4,232.86</b>

Significant accounting policies 1  
See accompanying notes forming part of the financial statements 2-56

The notes referred to above form an integral part of the financial statements

In terms of our report attached

**For and on behalf of the Board of Directors of UGRO CAPITAL LIMITED**

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants

Anjum A. Qazi  
Partner  
Mumbai  
June 13, 2020

Sd/-  
**Shachindra Nath**  
Executive Chairman & MD  
DIN : 00510618  
Mumbai  
May 20, 2020

Sd/-  
**Abhijit Ghosh**  
Whole Time Director & CEO  
DIN : 07935397  
Mumbai  
May 20, 2020

Sd/-  
**Abhijit Sen**  
Director and Chairman -  
Audit Committee  
DIN : 00002593  
Mumbai  
May 20, 2020

Sd/-  
**Kalpeshkumar Ojha**  
Chief Financial Officer  
Mumbai  
May 20, 2020

Sd/-  
**Aniket Karandikar**  
Company Secretary  
Mumbai  
May 20, 2020

## Statement of Profit and Loss for the year ended 31<sup>st</sup> March 2020

(Currency : ₹ in lacs)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
<b>Revenue from operations</b>			
Interest income	24	7,889.19	2,822.62
Dividend income	25	17.40	50.43
Net gain on fair value changes	26	1,693.66	1,013.48
Other operating income	27	69.12	7.07
<b>Total revenue from operations</b>		<b>9,669.37</b>	<b>3,893.60</b>
Other Income	28	845.00	500.00
<b>Total income</b>		<b>10,514.37</b>	<b>4,393.60</b>
<b>Expenses</b>			
Finance costs	29	1,367.30	104.75
Impairment on financial instruments	30	1,023.41	24.39
Employee benefits expenses	31	4,714.80	2,480.62
Depreciation and amortisation	32	739.35	178.33
Other expenses	33	2,337.72	1,084.12
<b>Total expenses</b>		<b>10,182.58</b>	<b>3,872.21</b>
<b>Profit before exceptional items and tax</b>		<b>331.79</b>	<b>521.39</b>
<b>Exceptional items</b>	34	-	366.67
<b>Profit before tax</b>		<b>331.79</b>	<b>154.72</b>
<b>Tax Expense:</b>			
(1) Current tax			
Tax for current year as per minimum alternate tax		296.31	147.14
(2) Deferred tax benefit (Net)		(1,916.38)	(387.06)
<b>Total tax expenses</b>		<b>(1,620.07)</b>	<b>(239.92)</b>
<b>Profit for the year (A)</b>		<b>1,951.86</b>	<b>394.64</b>
<b>Other comprehensive income</b>			
Items that will not be reclassified to profit and loss			
- Remeasurements of the defined benefit obligations		0.03	0.21
- Income tax relating to items that will not be reclassified to profit and loss		(0.01)	(0.06)
<b>Subtotal</b>		<b>0.02</b>	<b>0.15</b>
<b>Other comprehensive income for the year (net of tax) (B)</b>		<b>0.02</b>	<b>0.15</b>
<b>Total comprehensive income for the year (C)=(A+B)</b>		<b>1,951.88</b>	<b>394.79</b>

## Statement of Profit and Loss for the year ended 31<sup>st</sup> March 2020 (Contd.)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
<b>Earnings per equity share of face value of ₹ 10 each</b>	35		
Basic (₹)		<b>2.95</b>	0.77
Diluted (₹)		<b>2.87</b>	0.75
Significant accounting policies	1		
See accompanying notes forming part of the financial statements	2-56		

The notes referred to above form an integral part of the financial statements

In terms of our report attached

**For and on behalf of the Board of Directors of UGRO CAPITAL LIMITED**

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants

Anjum A. Qazi  
Partner  
Mumbai  
June 13, 2020

Sd/-  
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Executive Chairman & MD  
DIN : 00510618  
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Director and Chairman -  
Audit Committee  
DIN : 00002593  
Mumbai  
May 20, 2020

Sd/-  
**Kalpeshkumar Ojha**  
Chief Financial Officer  
Mumbai  
May 20, 2020

Sd/-  
**Aniket Karandikar**  
Company Secretary  
Mumbai  
May 20, 2020

## Statement of changes in equity for the year ended 31<sup>st</sup> March 2020

(Currency : ₹ in lacs)

a. Equity share capital (refer note 22 below)									
Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018						
<b>Equity share capital of face value of ₹ 10/- each</b>									
<b>Balance at the beginning of the year</b>	2,333.15	469.85	469.85						
<b>Changes in equity share capital during the year</b>									
Issued during the year	1,356.59	1,064.75	-						
<b>Converted during the year :</b>									
- From compulsorily convertible preference shares	1,383.72	449.71	-						
- From compulsorily convertible debentures	1,383.72	348.84	-						
- From share warrants	595.68	-	-						
<b>Balance as at the end of the year</b>	<b>7,052.86</b>	<b>2,333.15</b>	<b>469.85</b>						
b. Other equity (refer note 23 below)									
Particulars	Compulsorily convertible preference shares	Share under issuance	Compulsorily convertible debentures against share warrants	Money received	Statutory reserve u/s 45-IC	Capital reserve	Reserves and surplus	Total	
							Securities premium account	Employee stock options scheme outstanding	Retained earnings
<b>Balance as at April 1, 2017</b>	-	-	-	-	-	-	-	-	<b>2,935.70</b>
IndAS transition :									-
- Impact of measuring investments at fair value through profit or loss (FVTPL)	-	-	-	-	-	-	-	-	528.64
- Deferred tax liabilities on fair value gains on investments	-	-	-	-	-	-	-	-	(147.07)
Profit for the year after income tax	-	-	-	-	-	-	-	-	297.93
Transfer from retained earnings to statutory reserve	-	-	-	-	1,116.44	-	-	-	(1,116.44)
<b>Balance as at April 1, 2018</b>	-	-	-	-	<b>1,116.44</b>	-	-	-	<b>2,498.76</b>
Dividend paid including dividend distribution tax	-	-	-	-	-	-	-	-	(198.25)
Share under issuance (refer note 44)	-	17,500.00	-	-	-	-	-	-	17,500.00
Issued during the year	1,833.43	-	1,732.56	-	-	-	-	-	3,565.99
Converted during the year	(449.71)	-	(348.84)	-	-	-	-	-	(798.55)
Transfer from retained earnings to statutory reserve	-	-	-	-	29.11	-	-	-	(29.11)
Securities premium on shares, compulsorily convertible preference shares and compulsorily convertible debentures for the year	-	-	-	-	-	-	56,490.33	-	-
Addition during the year	-	-	-	3,250.00	-	-	-	300.01	-
Utilized during the year (net of taxes)*	-	-	-	-	-	-	(3,163.11)	-	-
Remeasurement of defined benefit obligations	-	-	-	-	-	-	-	-	0.15
Transferred from statement of profit and loss	-	-	-	-	-	-	-	-	394.64
									<b>3,550.01</b>
									<b>(3,163.11)</b>
									<b>0.15</b>
									<b>394.64</b>

## Statement of changes in equity for the year ended 31<sup>st</sup> March 2020 (Contd.)

Particulars	b. Other equity (Continued)										Total
	Compulsorily convertible preference shares	Share under issuance	Compulsorily convertible debentures	Money received against share warrants	Statutory reserve u/s 45-1C	Capital reserve	Reserves and surplus	Securities premium account	Employee stock options scheme outstanding	Retained earnings	
<b>Balance as at March 31, 2019</b>	1,383.72	17,500.00	1,383.72	3,250.00	1,145.55	-	53,327.22	300.01	2,666.19	80,956.41	
<b>Balance as at April 1, 2019</b>	1,383.72	17,500.00	1,383.72	3,250.00	1,145.55	-	53,327.22	300.01	2,666.19	80,956.41	
Converted during the year	(1,383.72)	-	(1,383.72)	-	-	-	-	-	-	(2,767.44)	
Issued during the year	-	(17,500.00)	-	-	-	-	-	-	-	(17,500.00)	
Conversion of share warrants	-	-	-	(2,204.00)	-	-	8,220.32	-	-	6,016.32	
Transfer to capital reserve for warrants lapsed	-	-	-	(1,046.00)	-	1,046.00	-	-	-	-	
Securities premium on equity shares issued	-	-	-	-	-	-	16,143.40	-	-	16,143.40	
Addition / (Reduction) during the year	-	-	-	-	390.37	-	-	348.74	(390.37)	348.74	
Utilized during the year (net of taxes)*	-	-	-	-	-	-	(7.50)	-	-	(7.50)	
Share conversion expenses	-	-	-	-	-	-	-	-	(32.31)	(32.31)	
Remeasurement of defined benefit obligations	-	-	-	-	-	-	-	-	0.02	0.02	
Transferred from statement of profit and loss	-	-	-	-	-	-	-	-	1,951.86	1,951.86	
<b>Balance as at March 31, 2020</b>	-	-	-	-	1,535.92	1,046.00	77,673.44	648.75	4,195.39	85,099.50	

\*In accordance with Section 52 of the Companies Act, 2013, during the year the Company has utilized securities premium account towards expenses on issue of shares amounting to ₹17.50 lacs and in previous year towards issue of shares, compulsorily convertible debenture and preference shares amounting to ₹ 3,163.12 lacs.

The notes referred to above form an integral part of the financial statements

In terms of our report attached

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants

Anjum A. Qazi  
Partner  
Mumbai  
June 13, 2020

**For and on behalf of the Board of Directors of UGRO CAPITAL LIMITED**

Sd/- <b>Shachindra Nath</b> Executive Chairman & MD DIN : 00510618 Mumbai May 20, 2020	Sd/- <b>Abhijit Ghosh</b> Whole Time Director & CEO DIN : 07935397 Mumbai May 20, 2020	Sd/- <b>Abhijit Sen</b> Director and Chairman - Audit Committee DIN : 00002593 Mumbai May 20, 2020
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Sd/- <b>Kalpeshkumar Ojha</b> Chief Financial Officer Mumbai May 20, 2020	Sd/- <b>Aniket Karandikar</b> Company Secretary Mumbai May 20, 2020
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## Cash Flow Statement for the year ended 31<sup>st</sup> March 2020

(Currency : ₹ in lacs)

Particulars	For Year Ended March 31, 2020	For Year Ended March 31, 2019
<b>Cash flow from operating activities :</b>		
Net profit before tax	331.79	154.72
<b>Adjustments for:</b>		
Employee stock option expense	348.74	300.01
Dividend income	(17.40)	(50.43)
Depreciation expense	739.35	178.33
Impairment on financial instruments	1,023.41	24.39
Net gain on sale of financial instruments / fair valuation of financial instruments	(1,693.66)	(1,013.48)
Provision for gratuity	31.27	21.67
Provision for compensated absences	99.60	47.41
<b>Operating profit before working capital changes</b>	<b>863.10</b>	<b>(337.38)</b>
<b>Movements in working capital:</b>		
<i>(Increase) / Decrease in Assets</i>		
Increase in loans	(76,372.13)	(7,913.85)
Increase in receivable	(425.93)	(232.00)
Increase in non financial assets	(160.55)	(480.50)
Increase in financial assets	(4,162.82)	(165.32)
<i>Increase / (Decrease) in Liability</i>		
Increase in trade payables	386.13	591.12
Increase/ (Decrease) in other non-financial liabilities	(7.41)	156.24
Increase in other financial liabilities	289.95	35.37
<b>Cash used in operations</b>	<b>(79,589.66)</b>	<b>(8,346.32)</b>
Income taxes paid	(290.96)	(284.96)
<b>Net cash used in operating activities (A)</b>	<b>(79,880.62)</b>	<b>(8,631.28)</b>
<b>Cash flow from investing activities :</b>		
Payments for property, plant and equipment	(335.18)	(402.52)
Dividend income	17.40	50.43
Proceeds / (Investment) in bank deposits of maturity greater than 3 months but less than 12 months (net)	13,333.01	(13,654.98)
Sale of investments	197,373.62	125,644.93
Purchase of investments	(192,251.91)	(131,089.56)
Proceeds / (Investment) in bank deposits of maturity greater than 12 months (net)	395.81	(14,165.16)
Payments for intangible assets	(659.96)	(1,086.59)
<b>Net cash (used in) / generated from investing activities (B)</b>	<b>17,872.79</b>	<b>(34,703.45)</b>

## Cash Flow Statement for the year ended 31<sup>st</sup> March 2020 (Contd.)

Particulars	For Year Ended March 31, 2020	For Year Ended March 31, 2019
<b>Cash flow from financing activities :</b>		
Proceeds received against partly paid share warrants	6,612.00	3,250.00
Principal payment of lease liabilities	(246.98)	(62.46)
Proceeds from issue of equity shares including premium	-	28,125.14
Proceeds from issue of compulsorily convertible preference shares including premium	-	24,145.92
Proceeds from issue of compulsorily convertible debentures including premium	-	22,350.00
Dividend and dividend distribution tax paid	-	(198.25)
Proceeds from borrowings through secured non convertible debenture	5,009.41	-
Proceeds from borrowings from banks and financial institutions (net of repayment)	19,470.87	973.60
Share conversion expenses	(32.31)	-
Share issue expenses	(17.50)	(3,163.11)
<b>Net cash generated from financing activities (C)</b>	<b>30,795.49</b>	<b>75,420.84</b>
<b>Net Increase / (decrease) in cash and cash equivalents (A) + (B) + (C)</b>	<b>(31,212.34)</b>	<b>32,086.11</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>32,086.98</b>	<b>0.87</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>874.64</b>	<b>32,086.98</b>
<b>Components of cash and cash equivalents (Refer Note 3)</b>		
Cash on hand	-	1.53
Balance with banks :		
in current accounts	874.64	18,404.64
in Fixed deposit (maturing within a period of three months)	-	13,680.81
<b>TOTAL</b>	<b>874.64</b>	<b>32,086.98</b>

Significant accounting policies

1

See accompanying notes forming part of the financial statements

2-56

The notes referred to above form an integral part of the financial statements

In terms of our report attached

For and on behalf of the Board of Directors of UGRO CAPITAL LIMITED

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants

Anjum A. Qazi  
Partner  
Mumbai  
June 13, 2020

Sd/-  
**Shachindra Nath**  
Executive Chairman & MD  
DIN : 00510618  
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Sd/-  
**Kalpeshkumar Ojha**  
Chief Financial Officer  
Mumbai  
May 20, 2020

Sd/-  
**Aniket Karandikar**  
Company Secretary  
Mumbai  
May 20, 2020

## Notes forming part of the financial statement for the year ended 31<sup>st</sup> March 2020

### 1. Significant Accounting Policies

#### (1) Statement of compliance

The financial statements have been prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) issued by Ministry of Corporate Affairs in exercise of the powers conferred by section 133 read with sub-section (1) of section 210A of the Companies Act, 2013. In addition, the guidance notes/announcements issued by the Institute of Chartered Accountants of India (ICAI) are also applied along with compliance with other statutory promulgations which require a different treatment.

The financial statements for the year ended March 31, 2020 of the Company is the first financial statements prepared in compliance with Ind AS. The date of transition to Ind AS is April 1, 2018. The financial statements upto the year ended March 31, 2019, were prepared in accordance with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006 read with the Companies (Accounts) Rules, 2014, The Companies Act 2013, and regulatory norms ("Previous GAAP") and guidelines prescribed by Reserve Bank of India (RBI)

The figures for the year ended March 31, 2019 have now been restated under Ind AS to provide comparability. Refer Note 26 for the details of first-time adoption exemptions availed by the Company.

#### (2) Basis of preparation

The financial statements have been prepared on a historical cost basis, except certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments) at the end of each reporting period.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and / or disclosure purposes in these financial statements is determined on this basis.

Fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety.

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

#### (3) Application of new and revised Ind AS

All the Ind AS issued and notified by the Ministry of Corporate Affairs under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) till the financial statements are authorised for issue have been considered in preparing these financial statements.

#### (4) Presentation of financial statements

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Division III to Schedule III to the Companies Act, 2013 ("the Act") applicable for Non-Banking Finance Companies ("NBFC"). The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of the financial statements along with the other notes required to be disclosed under the notified accounting Standards and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Amounts in the financial statements are presented in Indian Rupees in lacs rounded off to two decimal places as permitted by Schedule III to the Companies Act, 2013. Per share data are presented in Indian Rupee to two decimal places.

## Notes forming part of the financial statement for the year ended 31<sup>st</sup> March 2020 (contd.)

### (5) Property, plant and equipment

The cost of an item of property, plant and equipment is recognised if it is probable that future economic benefits associated with the item will flow to the company and the cost there of can be measured reliably. All property, plant and equipment are initially recognised at cost. Cost comprises the purchase price and any directly attributable cost to bring the asset to its working condition for its intended use.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each financial year, with the effect of any changes in estimate accounted for on a prospective basis. Assets purchased during the year are depreciated on the basis of actual number of days the asset has been put to use in the year. Assets individually costing ₹ 5,000/- or less are fully depreciated in the year of purchase.

Estimated useful life of assets is as below:

Category of PPE	Estimated useful life
Office Equipment	5 years – 6 years
Computer	3 years
Leasehold improvements	2 years – 9 years (Primary period of lease of premises)
Furniture fixture and fittings	10 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

### (6) Intangible assets

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax / duty credits availed, if any, less accumulated amortisation and cumulative impairment. Direct expenses (including salary costs) and administrative and other general overhead expenses that are specifically attributable to acquisition of intangible assets are allocated and capitalised as a part of the cost of the intangible assets.

Intangible assets not ready for the intended use on the date of Balance Sheet are disclosed as "Intangible assets under development".

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each financial year, with the effect of any changes in estimate being accounted for on a prospective basis.

Estimated useful life of Software is 5 years.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured at the difference between the net disposal proceeds and the carrying amount of the asset, and are recognised in profit or loss when the asset is derecognised.

### (7) Impairment of tangible and intangible assets

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. The recoverable amount is the higher of an asset's net selling price and its value in use. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. If at the Balance Sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

## Notes forming part of the financial statement for the year ended 31<sup>st</sup> March 2020 (contd.)

### (8) Revenue Recognition

#### (i) Interest Income:

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable. The effective interest rate which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

The interest income is calculated by applying the Effective Interest Method to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance). For credit-impaired financial assets the interest income is calculated by applying the Effective Interest Method to the amortised cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for expected credit losses (ECLs)).

#### (ii) Dividend Income:

Dividend Income is recognised once the unconditional right to receive the dividend is established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

#### (iii) Net gain or fair value change:

Any differences between the fair values of the financial assets classified as fair value through the profit or loss, held by the Company on the balance sheet date is recognised as an unrealised gain / loss in the statement of profit and loss. In cases there is a net gain in aggregate, the same is recognised in "Net gains or fair value changes" under revenue from operations and if there is a net loss the same is disclosed "Expenses", in the statement of profit and loss.

#### (iv) Advisory Fees and Other Income :

Advisory fees and Other Income are recognised when the company satisfies the performance obligation at fair value of the consideration received or receivable. The Company recognises such revenue from contracts with customers based on a five step model as set out in Ind AS 115.

### (9) Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### Company as a lessee

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The right-of-use assets is depreciated using the straight-line method from the commencement date over the lease term. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The Company recognises the amount of the re-measurement of lease liability as an adjustment to the right-of-use asset. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in statement of profit and loss.

## Notes forming part of the financial statement for the year ended 31<sup>st</sup> March 2020 (contd.)

The Company has elected not to apply the requirements of Ind AS 116 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

### Transition to Ind AS 116

Effective April 1, 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 1, 2019 using the retrospective method and has taken the cumulative adjustment to Retained Earning, on the date of application. Consequently, the Company recorded lease liability at present value of future lease payments discounted at the incremental borrowing rate and corresponding right of use asset at an amount equal to lease liability adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of initial application.

### As a lessee

#### Operating Lease

On transition adoption of new standard resulted in recognition of 'Right of Use' Asset and lease liability. There is no cumulative effect of applying the standard on retained earning balance as on March 31, 2019. The effect of this adoption would result an impact on profit before tax and profit for the year. Ind AS 116 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

Following is the summary of practical expedients elected on initial application

1. Applied a single discount rate to a portfolio of lease of similar assets in similar economic environment with similar end date.
2. Applied the exemption not to recognise right of use asset and lease liabilities with less than 12 months of lease term remaining on the date of initial application.
3. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

The Weighted average incremental borrowing rate is applied to lease liabilities as at April 1, 2019.

#### Finance Lease

The Company does not have leases that were classified as finance leases. Hence, there is no impact on application of this standard.

As a lessor

The Company does not have any lease agreement in which it is a lessor. Hence, there is no impact on application of this standard.

### (10) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

#### (10.1) Current tax

Current Tax is determined at the amount of tax payable in respect of taxable profit for the year as per the Income-tax Act, 1961. Taxable profit differs from 'profit before tax' as reported in the financial statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Entity's current tax is calculated using tax rate that has been enacted by the end of the reporting period.

#### (10.2) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.



## Notes forming part of the financial statement for the year ended 31<sup>st</sup> March 2020 (contd.)

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

### (10.3) Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

### (10.4) Minimum Alternate Tax (MAT)

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, is recognised as an asset in the Balance Sheet when it is probable that the future economic benefit associated with it will flow to the Company.

## (11) Employee Benefits

### (11.1) Retirement benefit costs and termination benefits

#### Defined contribution plans –

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

The state governed provident fund scheme, employee state insurance scheme and National Pension Scheme (NPS) are defined contribution plans.

#### Defined benefit plans –

For defined benefit plans in the form of gratuity, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- re-measurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.

### (11.2) Short term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of salaries and annual leave in the period, the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

## Notes forming part of the financial statement for the year ended 31<sup>st</sup> March 2020 (contd.)

The cost of short-term compensated absences is accounted as under:

- (i) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (ii) in case of non-accumulating compensated absences, when the absences occur.

### (11.3) **Compensatory Payments (Loss of Earned Bonus)**

The company amortizes the compensatory payments over the period of twelve months, since amount is recoverable if an employee leaves the organisation within a year.

### (12) **Borrowing Costs**

Borrowing costs include interest and other ancillary borrowing costs. Ancillary costs incurred for arrangement of borrowings such as loan processing fee, arranger fee, stamping expense and rating expense including annual fees are period costs. The Company recognises interest expense on the borrowings as per Effective Interest Method, which is calculated by considering any ancillary costs incurred and any premium payable on its maturity.

Interest and other related financial charges are recognized as an expense in the period for which they relate as specified in Ind AS on "Borrowing Costs".

### (13) **Provisions, Contingent Liabilities and Contingent Assets**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

A Contingent Liability is disclosed unless the possibility of an outflow of resources embodying the economic benefits is remote. Contingent Assets are neither recognised nor disclosed in the Financial Statements.

Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

### (14) **Commitments**

Commitments are future liabilities for contractual expenditure, classified and disclosed as follows:

- (a) estimated amount of contracts remaining to be executed on capital account and not provided for;
- (b) uncalled liability on shares and other investments partly paid;
- (c) funding related commitment to associate companies; and
- (d) other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

### (15) **Foreign Currencies**

- (i) The functional currency and presentation currency of the Company is Indian Rupee. Functional currency of the Company and foreign operations has been determined based on the primary economic environment in which the Company and its foreign operations operate considering the currency in which funds are generated, spent and retained.
- (ii) Transactions in currencies other than the Company's functional currency are recorded on initial recognition using the exchange rate at the transaction date. At each Balance Sheet date, foreign currency monetary items are reported at the prevailing closing spot rate. Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated.

Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each Balance Sheet date at the closing spot rate are recognised in the Statement of Profit and Loss in the period in which they arise.

## Notes forming part of the financial statement for the year ended 31<sup>st</sup> March 2020 (contd.)

### (16) Cash and Bank balances

Cash and bank balances also include fixed deposits, earmarked balances with banks and other bank balances which have restrictions on repatriation. Short term and liquid investments being subject to more than insignificant risk of change in value, are not included as part of cash and cash equivalents.

### (17) Segment reporting

Operating segments are those components of the business whose operating results are regularly reviewed by the chief operating decision making body in the Company to make decisions for performance assessment and resource allocation. The reporting of segment information is the same as provided to the management for the purpose of the performance assessment and resource allocation to the segments. Segment accounting policies are in line with the accounting policies of the Company

### (18) Financial Instruments

#### (18.1) Recognition of Financial Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instruments.

#### (18.2) Initial Measurement of Financial Instruments

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from their respective fair value on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

A financial asset and a financial liability is offset and presented on net basis in the balance sheet when there is a current legally enforceable right to set-off the recognised amounts and it is intended to either settle on net basis or to realise the asset and settle the liability simultaneously.

#### (18.3) Subsequent Measurement of Financial Instruments

##### (18.3.1) Financial Assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

##### (18.3.1.1) Financial Assets carried at Amortised Cost (AC)

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition)

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

##### Effective Interest Method

The Effective Interest Method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The Effective Interest Rate is the rate that exactly discounts estimated future cash receipts (including all fees that form an integral part of the effective interest rate, transaction costs and premiums or discounts) through the expected life of the instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

## Notes forming part of the financial statement for the year ended 31<sup>st</sup> March 2020 (contd.)

### (18.3.1.2) Financial Assets at Fair Value through Other Comprehensive Income (FVTOCI)

A financial asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognised in profit or loss for FVTOCI debt instruments. When the investment is disposed of, the cumulative gain or loss previously accumulated in this reserve is reclassified to profit or loss.

### (18.3.1.3) Financial Assets at Fair Value through Profit or Loss (FVTPL)

A financial asset which is not classified in any of the above categories are measured at FVTPL.

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Revenue from operations' line item.

### (18.4) Impairment of Financial Asset

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI and other contractual rights to receive cash or other financial assets.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

Category of financial instrument	Manner of recognition of loss allowance
Financial assets measured at amortised cost	Recognised in profit or loss with corresponding adjustment in the carrying value through a loss allowance account.
Debt investments measured at FVTOCI	Recognised in profit or loss with corresponding adjustment in OCI. The loss allowance is accumulated in the 'Reserve for debt instruments through OCI', and is not adjusted with the carrying value of the financial asset

#### Impairment methodology:

##### Overall Impairment Methodology

Particulars	Stage 1 (Performing)	Stage 2 (Under-performing)	Stage 3 (Non-performing)
Credit quality	Not deteriorated significantly since its initial recognition.	Deteriorated significantly since its initial recognition	Objective evidence of impairment
ECL model	PD / LGD Model	PD / LGD Model	Cash flow model
ECL	12 months ECL	Life time ECL	Life time ECL
ECL Computation	(PD * LGD * EAD)	(PD * LGD * EAD)	Expected Cash Flow basis

## Notes forming part of the financial statement for the year ended 31<sup>st</sup> March 2020 (contd.)

### A) For Loans, Cash Credit and Term Loans Measured at Amortised Cost

#### a) Definition of Default:

A default shall be considered to have occurred when any of the following criteria are met:

- a) An asset is more than 90 days past due
- b) If one facility of borrower is NPA, all the facilities of that borrower are to be treated as NPA.

For the purpose of counting of day past due for the assessment of default, special dispensations in respect of any class of assets, if any (e.g. under COVID-19 relief package of RBI) are applied in line with the notification by the RBI in this regard.

#### b) Portfolio Segmentation:

The entire portfolio is segmented into homogenous risk segments. Common factors for segmentation includes asset classes, internal rating grade, size, geography, product, etc.

#### c) Probability of Default (PD):

12 Month PD for all the sectors except Onward Lending to NBFCs:

PD is the likelihood of a borrower defaulting on its obligations within a given interval of time. PD is computed based on the default analysis conducted by external credit bureau for all the sectors (except onward lending) at individual facility level and 12 months default percentage arrived score wise and sector wise for all the sectors.

To compute a 12 month PD for each sector, Sector wise and score wise default rate as provided by external credit bureau which is taken as base and calibration model is used to derive the default rates score wise on the basis of decreasing ranks of scores. The above process is followed for all the sectors to derive score wise and sector specific default rates which will be used as 12 month PD.

12 Month PD for Onward Lending to NBFCs:

For Onward Lending, average of PD above investment grades provided by CRISIL for NBFC specific sector has been considered as PD.

Life time PD:

Life time PD is applied for Stage 2 accounts.

Life time PD's are computed based on survival approach. Survival analysis is statistics for analyzing the expected duration of time until default event happens.

Life time PD is computed =  $(1 - (\text{Probability of surviving in year 1})^{\text{remaining tenure}})$

#### d) Loss Given Default :

Loss Given Default (LGD) represents recovery from defaulted assets. Foundational-Internal Rating Based (F-IRB) approach detailed in the guidelines is used for the LGD computation.

### (18.5) Derecognition of Financial Assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

### (18.6) Financial Liabilities and Equity Instruments

#### (18.6.1) Classification as Debt or Equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

## Notes forming part of the financial statement for the year ended 31<sup>st</sup> March 2020 (contd.)

### (18.6.2) Equity Instruments

An Equity Instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

### (18.6.3) Compound Financial Instruments

The component parts of compound financial instruments issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recognised as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

### (18.6.4) Financial Liabilities

A financial liability is any liability that is:

- Contractual obligation :
  - to deliver cash or another financial asset to another entity; or
  - to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or
- a contract that will or may be settled in the entity's own equity instruments

All Financial Liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Company has not designate any financial liabilities at FVTPL.

#### (18.6.4.1) Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

### (19) Write off

Loans and debt securities are written off when the Company has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a de-recognition event. The Company may apply enforcement activities to financial assets written off. Recoveries resulting from the Company's enforcement activities will result in impairment gains.

### (20) Share-based payment arrangements

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve. If a grant lapses after the vesting period, the cumulative discount recognised as expense in respect of such grant is transferred to the general reserve within equity.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are



## Notes forming part of the financial statement for the year ended 31<sup>st</sup> March 2020 (contd.)

measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

### (21) Key accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with Ind AS requires that the management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates include useful lives of property, plant and equipment & intangible assets, expected credit loss on loan books, future obligations in respect of retirement benefit plans, fair value measurement etc. Difference, if any, between the actual results and estimates is recognised in the period in which the results are known.

### (22) Earnings Per Share

Basic earnings per share is computed by dividing the profit / (loss) after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date.

### (23) Cash Flow Statement

The statement of cash flows shows the changes in cash and cash equivalents arising during the year from operating activities, investing activities and financing activities

The cash flows from operating activities are determined by using the indirect method. Net income is therefore adjusted by non-cash items, such as measurement gains or losses, changes in provisions, impairment of property, plant and equipment and intangible assets, as well as changes from receivables and liabilities. In addition, all income and expenses from cash transactions that are attributable to investing or financing activities are eliminated.

Cash and cash equivalents (including bank balances) shown in the Statement of Cash Flows exclude items which are not available for general use as on the date of Balance Sheet.

### (24) Operating cycle for current and non-current classification

Based on the nature of products / activities of the Company entities and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

### (25) Asset Acquisition

The purchase of the net assets is accounted on the appointed date mentioned in the scheme of arrangement, wherein the purchase consideration has been allocated to the respective net assets at their respective fair values.

### (26) First-time adoption – mandatory exceptions and optional exemptions

The Company has prepared the opening balance sheet as per Ind AS as of April 1, 2018 by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities.

However, this principle is subject to the certain exception and certain optional exemptions availed by the Company as detailed below.

1. The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after April 1, 2018.
2. The estimates as at April 01, 2018 and at March 31, 2019 are consistent with those made for the same dates in accordance with previous GAAP.↵
3. The Company has determined the classification of all instruments in terms of whether they meet the amortised cost criteria or the FVTOCI criteria or FVTPL criteria based on the facts and circumstances that existed as of the transition date.

## Notes forming part of the financial statement for the year ended 31<sup>st</sup> March 2020 (contd.)

### 2. Corporate Information

Ugro Capital Limited ('the Company') formerly known as Chokhani Securities Limited, is a public limited company domiciled in India and incorporated under the provisions of Companies Act, 2013. The Company is a non-deposit taking Non-Banking Financial Company ('NBFC') as defined under Section 45-IA of the Reserve Bank of India Act, 1934. The Company is registered with effect from March 5, 1998 having Registration No. A-13.OO243. The Company is engaged in the business of lending and primarily deals in financing SME and MSME sector with focus on Healthcare, Education, Chemicals, Food Processing/FMCG, Hospitality, Electrical Equipment & Components, Auto Components and Light Engineering segments.

As per the Share Purchase and Transfer of Control Agreement dated December 31, 2017 signed by the erstwhile promoters of the Company, agreeing to cede control over the management and transfer of their shareholding in the Company to Mr. Shachindra Nath and Poshika Advisory Services LLP (collectively referred to as "Acquirers"), the acquirers have acquired control of 2,140,800 shares of the Company from the exiting promoters on July 05, 2018 after receiving RBI approval which is effective from June 22, 2018.

### 3. Cash and cash equivalents

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Cash on hand	-	1.53	0.05
Balances with banks			
- in current accounts	874.64	18,404.64	0.82
- in fixed deposits with banks (original maturity less than 3 months)	-	13,680.81	-
	<b>874.64</b>	<b>32,086.98</b>	<b>0.87</b>

### 4. Bank balances other than cash and cash equivalents

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Unclaimed dividend on equity shares	1.43	1.52	-
Fixed deposits with banks (original maturity between 3 to 12 months)*	320.54	13,653.46	-
	<b>321.97</b>	<b>13,654.98</b>	<b>-</b>

\* Earmarked balances of ₹ 312.00 lacs (previous year - ₹ 5.00 lacs) (refer note 47)

### 5. Trade receivables

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Unsecured considered good	657.93	232.00	-
	<b>657.93</b>	<b>232.00</b>	<b>-</b>

- The average credit period ranges between 1 to 3 months.
- The Company measures trade receivables at amortised cost. Trade receivables are measured at transaction price.
- Expected credit loss on trade receivables: The Company applies the simplified approach for computation of expected credit loss on trade receivables as allowed under IndAS 109. The Company is recognizing lifetime expected credit loss for trade receivables, as applicable.
- The carrying amount of trade receivables approximates the fair value because of their short term nature.
- The average ageing period ranges between 1 to 3 months.
- There are no due by directors or other officers of the company or any of them either severally or jointly with any other persons or amounts due by firms or private companies respectively in which any director is a partner or a director or a member.

## Notes forming part of the financial statement for the year ended 31<sup>st</sup> March 2020 (contd.)

### 6. Loans

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
<b>Loans at amortised cost</b>			
<b>(A)</b>			
Supply chain receivables	16,548.03	1,166.89	-
Term loans	67,733.73	6,741.57	-
Loans to employees	4.23	5.39	-
<b>Total Gross Loans</b>	<b>84,285.99</b>	<b>7,913.85</b>	-
Less: Impairment loss allowance	1,047.80	24.38	-
<b>Total Net Loans</b>	<b>83,238.19</b>	<b>7,889.47</b>	-
<b>(B)</b>			
Secured by book debts	24,815.34	5,935.76	-
Secured by property	33,959.68	1,400.85	-
Secured by machinery	138.30	-	-
Unsecured	25,372.67	577.24	-
<b>Total Gross Loans</b>	<b>84,285.99</b>	<b>7,913.85</b>	-
Less: Impairment loss allowance	1,047.80	24.38	-
<b>Total Net Loans</b>	<b>83,238.19</b>	<b>7,889.47</b>	-
<b>(C)</b>			
Loans in India			
Public sector	-	-	-
Others	84,285.99	7,913.85	-
<b>Total Gross Loans</b>	<b>84,285.99</b>	<b>7,913.85</b>	-
Less: Impairment loss allowance	1,047.80	24.38	-
<b>Total - Net (a)</b>	<b>83,238.19</b>	<b>7,889.47</b>	-
<b>Loans outside India (b)</b>	<b>-</b>	<b>-</b>	-
<b>Total - Net (a)+(b)</b>	<b>83,238.19</b>	<b>7,889.47</b>	-

#### Note

- There are no Loans due by directors or other officers of the Company or any of them either severally or jointly with any other persons or amounts due by firms or private companies respectively in which any director is a partner or a director or a member.
- Underlying securities for the assets secured by tangible assets are property, machinery and book debts.
- Impairment loss allowance as on March 31, 2020 includes ₹ 331.00 lacs on account of expected impact of COVID 19 pandemic on loan portfolio.
- Moratorium : The board of directors of the Company in its meeting held on March 30, 2020 approved a policy to extend moratorium as per RBI Circular RBI/2019-20/186 DOR.No.BP.BC.47/21.04.048/2019-20 dated March 27, 2020 the payment holiday - COVID-19 Pandemic, as per the assessment made by the management under the policy the payment holiday was extended to all the customers of the Company basis the broad based survey conducted across Company's customer base which necessitated the need of providing this relief.

## Notes forming part of the financial statement for the year ended 31<sup>st</sup> March 2020 (contd.)

### 7. Investments

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
<b>Investments - at fair value through profit and loss account</b>			
Mutual funds (unquoted)	7,250.81	10,678.86	1,125.93
Government securities	-	-	2,924.11
Other approved securities	-	-	109.00
Debt securities	-	-	-
Equity instruments	-	-	61.70
<b>Total - Gross</b>	<b>7,250.81</b>	<b>10,678.86</b>	<b>4,220.74</b>
Investments in India	7,250.81	10,678.86	4,220.74
Investments outside India	-	-	-
<b>Total - Gross</b>	<b>7,250.81</b>	<b>10,678.86</b>	<b>4,220.74</b>
Less: Impairment loss allowance	-	-	-
<b>Total - Net</b>	<b>7,250.81</b>	<b>10,678.86</b>	<b>4,220.74</b>

Note :

1. For valuation methodology refer note 50.
2. For dividend received on investments refer note 25.

### 8. Other financial assets

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Security deposits	197.71	165.32	-
Sale proceeds of mutual fund receivable	4,130.44	-	-
Fixed deposits with bank (original maturity more than 12 months)*	13,359.13	14,165.16	-
Cash collateral*	410.21	-	-
Indemnified assets	4,000.00	4,000.00	-
	<b>22,097.49</b>	<b>18,330.48</b>	<b>-</b>

\* Earmarked balances of ₹ 675.00 lacs (previous year - nil) (refer note 47)

### 9. Current tax assets (net)

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
<b>Current tax assets</b>			
Advance Tax	587.17	296.21	11.25
<b>Total (A)</b>	<b>587.17</b>	<b>296.21</b>	<b>11.25</b>
<b>Current tax liabilities</b>			
Income tax payable as per minimum alternate tax	443.45	147.14	-
<b>Total (B)</b>	<b>443.45</b>	<b>147.14</b>	<b>-</b>
<b>Net (A-B)</b>	<b>143.72</b>	<b>149.07</b>	<b>11.25</b>

## Notes forming part of the financial statement for the year ended 31<sup>st</sup> March 2020 (contd.)

### 10. Deferred tax assets (net)

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
<b>Deferred tax assets</b>			
Provision for compensated absence	40.90	13.19	-
Provision for gratuity	14.66	5.97	-
Deferred revenue income – processing fees allowed upfront in income tax	195.07	22.56	-
Provision for impairment losses on financial instruments	291.50	6.78	-
Lease rentals expense under IndAS 116	56.23	29.07	-
Preliminary expense	15.16	20.22	-
Employee stock options scheme outstanding expenses disallowance	180.48	-	-
Unutilised minimum alternate tax credit entitlement	443.45	147.14	-
Income tax losses carried forward	1,391.00	-	-
Others	1.54	0.55	-
<b>Total (A)</b>	<b>2,629.99</b>	<b>245.48</b>	<b>-</b>
<b>Deferred tax liabilities</b>			
Difference in written down value of property, plant and equipment and intangible assets	23.26	3.42	-
Unrealised gain on investments	36.83	2.35	147.07
Prepaid fees / charges on debt securities allowed upfront in income tax	10.70	-	-
Prepaid fees / charges on borrowings allowed upfront in income tax	127.41	(7.52)	-
Deferred loan sourcing cost allowed upfront in income tax	275.48	7.29	-
<b>Total (B)</b>	<b>473.68</b>	<b>5.54</b>	<b>147.07</b>
<b>Net (A-B)</b>	<b>2,156.31</b>	<b>239.94</b>	<b>(147.07)</b>

### 11. Property, plant and equipment

Particulars	As at March 31, 2020					As at March 31, 2019					As at April 01, 2018
	Office equip- ments	Com- puters	Lease- hold im- prove- ments	Fur- niture and fixtures	Total	Office equip- ments	Com- puters	Lease- hold im- prove- ments	Furni- ture and fixtures	Total	Total
<b>At cost at the beginning of the year</b>	<b>82.75</b>	<b>14.59</b>	<b>292.25</b>	<b>12.93</b>	<b>402.52</b>	-	-	-	-	-	-
Additions during the year	234.10	15.92	83.39	1.77	335.18	82.75	14.59	292.25	12.93	402.52	-
<b>At cost at the end of the year</b>	<b>316.85</b>	<b>30.51</b>	<b>375.64</b>	<b>14.70</b>	<b>737.70</b>	<b>82.75</b>	<b>14.59</b>	<b>292.25</b>	<b>12.93</b>	<b>402.52</b>	<b>-</b>
<b>Accumulated depreciation as at the beginning of the year</b>	<b>1.82</b>	<b>1.35</b>	<b>7.91</b>	<b>0.31</b>	<b>11.39</b>	-	-	-	-	-	-
Depreciation for the year	43.24	7.71	87.22	1.32	139.49	1.82	1.35	7.91	0.31	11.39	-
<b>Accumulated depreciation as at the end of the year</b>	<b>45.06</b>	<b>9.06</b>	<b>95.13</b>	<b>1.63</b>	<b>150.88</b>	<b>1.82</b>	<b>1.35</b>	<b>7.91</b>	<b>0.31</b>	<b>11.39</b>	<b>-</b>
<b>Net carrying amounts as at the end of the year</b>	<b>271.79</b>	<b>21.45</b>	<b>280.51</b>	<b>13.07</b>	<b>586.82</b>	<b>80.93</b>	<b>13.24</b>	<b>284.34</b>	<b>12.62</b>	<b>391.13</b>	<b>-</b>

## Notes forming part of the financial statement for the year ended 31<sup>st</sup> March 2020 (contd.)

### 12 . Right of use asset

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
<b>At cost at the beginning of the year</b>	<b>1,794.60</b>	-	-
Additions during the year	60.37	1,794.60	-
<b>At cost at the end of the year</b>	<b>1,854.97</b>	<b>1,794.60</b>	-
<b>Accumulated depreciation as at the beginning of the year</b>	<b>166.94</b>	-	-
Depreciation for the year	344.02	166.94	-
<b>Accumulated depreciation as at the end of the year</b>	<b>510.96</b>	<b>166.94</b>	-
<b>Net carrying amount as at the end of the year</b>	<b>1,344.01</b>	<b>1,627.66</b>	-

### 13. Intangible assets under development

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Softwares	93.96	1,086.58	-
<b>Total</b>	<b>93.96</b>	<b>1,086.58</b>	-

### 14. Other intangible assets

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Software :			
<b>At cost at the beginning of the year</b>	-	-	-
Additions during the year	2,095.18	-	-
<b>At cost at the end of the year</b>	<b>2,095.18</b>	-	-
<b>Accumulated amortisation as at the beginning of the year</b>	-	-	-
Amortisation for the year	255.84	-	-
<b>Accumulated amortisation as at the end of the year</b>	<b>255.84</b>	-	-
<b>Net carrying amounts as at the end of the year</b>	<b>1,839.34</b>	-	-

### 15. Other non-financial assets

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Advances to vendors and employees	77.02	15.77	-
Goods and service tax input credit receivable	291.70	244.40	-
Prepaid expenses	196.74	127.05	-
Prepaid rental charges	74.88	91.98	-
Deferred staff loan cost	0.72	1.30	-
<b>Total</b>	<b>641.06</b>	<b>480.50</b>	-

### 16. Payables

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
<b>Trade payables</b>			
Micro and small enterprises (refer note 43)	10.14	-	-
Due to others	1,039.00	90.50	0.64
<b>Other payables</b>			
Micro and small enterprises (refer note 43)	-	-	-
Due to others			
- Accrued employee benefits	371.36	501.26	-
<b>Total</b>	<b>1,420.50</b>	<b>591.76</b>	<b>0.64</b>



## Notes forming part of the financial statement for the year ended 31<sup>st</sup> March 2020 (contd.)

### 17. Debt securities

Particulars	As at March 31, 2020		As at March 31, 2019		As at April 01, 2018	
	At amortised cost	Total	At amortised cost	Total	At amortised cost	Total
Redeemable non convertible debentures	5,009.41	5,009.41	-	-	-	-
<b>Total</b>	<b>5,009.41</b>	<b>5,009.41</b>	-	-	-	-
Debt securities in India	5,009.41	5,009.41	-	-	-	-
Debt securities outside India	-	-	-	-	-	-
<b>Total</b>	<b>5,009.41</b>	<b>5,009.41</b>	-	-	-	-
Secured	5,009.41	5,009.41	-	-	-	-
Unsecured	-	-	-	-	-	-
<b>Total</b>	<b>5,009.41</b>	<b>5,009.41</b>	-	-	-	-

#### Security and other terms of debt security :

(i) Terms of repayment (repayment schedule mentioned below excludes unamortised borrowing cost) :

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Debenture ISIN	INE583D07018		
Units	500	-	-
Amount	5,000	-	-
Security provided	Exclusive charge by way of hypothecation on the standard asset portfolio of receivables	-	-
Charge	1.10 times	-	-
Rate of interest (annualised)	11.50%	-	-
Contracted maturity date	November 03, 2020*	-	-

\*The non convertible debentures were redeemed on April 13, 2020 as per the terms given under disclosure documents dated September 26, 2019.

(ii) Put option is exercisable in every 3 months by the debenture holder.

### 18. Borrowings

Particulars	As at March 31, 2020		As at March 31, 2019		As at April 01, 2018	
	At amortised cost	Total	At amortised cost	Total	At amortised cost	Total
(a) Term loans						
From banks	2,567.65	2,567.65	973.60	973.60	-	-
From other parties	10,463.32	10,463.32	-	-	-	-
From liabilities arising out of securitization transactions resulting into recording of borrowings	4,179.50	4,179.50	-	-	-	-
(b) Loans repayable on demand						
Cash credit	993.10	993.10	-	-	-	-
Bank overdraft	2,240.89	2,240.89	-	-	-	-
<b>Total</b>	<b>20,444.46</b>	<b>20,444.46</b>	<b>973.60</b>	<b>973.60</b>	-	-
Borrowings in India	20,444.46	20,444.46	973.60	973.60	-	-
Borrowings outside India	-	-	-	-	-	-
<b>Total</b>	<b>20,444.46</b>	<b>20,444.46</b>	<b>973.60</b>	<b>973.60</b>	-	-
Secured	17,853.08	17,853.08	973.60	973.60	-	-
Unsecured	2,591.38	2,591.38	-	-	-	-
<b>Total</b>	<b>20,444.46</b>	<b>20,444.46</b>	<b>973.60</b>	<b>973.60</b>	-	-

## Notes forming part of the financial statement for the year ended 31<sup>st</sup> March 2020 (contd.)

### Security and other terms of loan are as follows :

- Rate of interest of cash credit is 10.78% per annum and secured by way of hypothecation on the standard asset portfolio of receivables.
- Rate of interest of over draft is 9.35% per annum and secured against fixed deposit.
- Term loans from banks and other parties are secured by way of exclusive charge on hypothecation on the standard asset portfolio of receivables. However in some of the borrowing made from financial institutions the Company has provided bank fixed deposit and cash collateral (refer note 47).
- For liabilities arising out of securitization transactions resulting into recording of borrowings credit enhancement provided through fixed deposits and loan receivables.
- Terms of repayment of term loans

Redeemable within (Payable in monthly installments)	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
	Rate of Interest 10.78% to 12.75%*	Rate of Interest 11.50%	
<b>## For Banks :</b>			
0-12 months	1,192.86	250.65	-
12-24 months	1,230.71	333.33	-
24-36 months	193.95	333.33	-
36-48 months	-	83.33	-
	<b>Rate of Interest 11.75% to 12.00%*</b>		
<b># For Other Parties :</b>			
0-12 months	6,869.94	-	-
12-24 months	2,222.01	-	-
24-36 months	1,546.51	-	-
	<b>Rate of Interest 10.00% to 10.48%*</b>		
<b>For liabilities arising out of securitization transactions resulting into recording of borrowings :</b>			
0-12 months	2,360.32	-	-
12-24 months	1,618.50	-	-
24-36 months	282.01	-	-
<b>Total</b>	<b>17,516.81</b>	<b>1,000.64</b>	-

\*Rate of interest on term loans considered annualised payable monthly for reporting purpose.

- The rate of interest for the variable borrowings is linked to lender base rate (+) / (-) spread for borrowing made from financial institutions(#). Similarly for variable borrowing from banks(##) linked to external benchmark rates like T-bill, banks base rate, repo rates, MCLR, etc. (+) / (-) spread. The above categorisation is based on the interest rates prevalent as on the respective reporting dates.

## Notes forming part of the financial statement for the year ended 31<sup>st</sup> March 2020 (contd.)

### 19. Other financial liabilities

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Unclaimed dividend payable on equity shares	1.43	1.52	-
<b>Others payables :</b>			
Collateral margin money received	219.81	33.85	-
Deferred consideration on direct assignment	95.63	-	-
Lease liabilities	1,545.55	1,732.15	-
Other payables	8.45	-	-
<b>Total</b>	<b>1,870.87</b>	<b>1,767.52</b>	<b>-</b>

### 20. Provisions

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
<b>Provision for employee benefits :</b>			
Provision for gratuity (refer note 4Ob)	52.70	21.46	-
Provision for compensated absences	147.02	47.41	-
<b>Total</b>	<b>199.72</b>	<b>68.87</b>	<b>-</b>

### 21. Other non financial liabilities

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Statutory dues payable	148.93	132.39	0.10
Deferred payment liabilities	-	23.95	-
<b>Total</b>	<b>148.93</b>	<b>156.34</b>	<b>0.10</b>

### 22. Equity

#### a. Details of authorised, issued and subscribed share capital :

Particulars	As at March 31, 2020		As at March 31, 2019		As at April 01, 2018	
	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount
<b>Authorised capital</b>						
Equity shares of ₹ 10 each	81,500,000	8,150.00	81,500,000	8,150.00	6,000,000	600.00
Preference shares of ₹ 10 each	20,500,000	2,050.00	20,500,000	2,050.00	-	-
<b>Issued, subscribed and fully paid up</b>						
Equity shares of ₹ 10 each, fully paid up	70,528,550	7,052.86	23,331,482	2,333.15	4,698,500	469.85
<b>Total</b>	<b>70,528,550</b>	<b>7,052.86</b>	<b>23,331,482</b>	<b>2,333.15</b>	<b>4,698,500</b>	<b>469.85</b>

Note:

During the previous year, the authorised share capital of the Company was increased vide approval of equity shareholders from ₹ 600.00 lacs to ₹ 10,200.00 lacs divided into ₹ 8,150.00 lacs of equity shares and ₹ 2,050.00 lacs of preference shares.

## Notes forming part of the financial statement for the year ended 31<sup>st</sup> March 2020 (contd.)

### b. Reconciliation of number of shares and amount outstanding at the beginning and at the end of the year:

Particulars	As at March 31, 2020		As at March 31, 2019		As at April 01, 2018	
	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount
Shares outstanding at the beginning of the year	23,331,482	2,333.15	4,698,500	469.85	4,698,500	469.85
Add: shares issued during the year*	13,565,891	1,356.59	10,647,523	1,064.75	-	-
Add : converted during the year :					-	-
From compulsorily convertible preference shares **	13,837,210	1,383.72	4,497,087	449.71	-	-
From compulsorily convertible debentures**	13,837,210	1,383.72	3,488,372	348.84	-	-
From compulsorily convertible warrants**	5,956,757	595.68	-	-	-	-
<b>Outstanding at the end of the year</b>	<b>70,528,550</b>	<b>7,052.86</b>	<b>23,331,482</b>	<b>2,333.15</b>	<b>4,698,500</b>	<b>469.85</b>

\* During the year the Company has allotted 1,35,65,891 equity shares of ₹ 10 each for consideration of ₹ 17,500 lacs on preferential basis. (refer note 44 Below)

\*\* During the previous year the Company had allotted 1,73,25,582 compulsory convertible debentures of ₹ 10 each for consideration of ₹ 22,350 lacs on preferential basis. Out of which during the year, the Company has converted 1,38,37,210 (previous year 34,88,372) compulsorily convertible debentures into equal numbers of equity shares.

\*\* During the previous year the Company had allotted 18,334,297 compulsory convertible preference shares of ₹ 10 each for consideration of ₹ 241,45.92 lacs preferential basis. Out of which during the year, the Company has converted 1,38,37,210 (previous year 44,97,087) compulsorily convertible preference shares into equal numbers of equity shares.

\*\* During the previous year, the Company had allotted 87,83,785 warrants. Out of which during the year, the Company has converted 59,56,757 (previous year Nil) into equal numbers of equity shares and balance stand forfeited.

### c. Rights, preferences and restrictions attached to shares:

The Company has only one class of equity shares having a face value of ₹ 10 each. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amounts, in proportion to their holding.

### d. Particulars of shareholders holding more than 5% of the share capital :

Particulars	As at March 31, 2020		As at March 31, 2019		As at April 01, 2018	
	No. of Shares	% of holding	No. of Shares	% of holding	No. of Shares	% of holding
Newquest Asia Investments III Limited	15,116,279	21.43%	1,279,069	5.48%	-	-
Clearsky Investment Holdings Pte Limited	15,116,279	21.43%	1,279,069	5.48%	-	-
DBZ (Cyprus) Limited	13,565,891	19.23%	-	-	-	-
Samena Fidem Holdings	5,956,757	8.45%	-	-	-	-
PNB Metlife India Insurance Company Limited	1,428,600	2.03%	1,428,600	6.12%	-	-
Chhattisgarh Investments Limited	1,381,372	1.96%	1,433,267	6.14%	-	-
Samena Special Situations Mauritius	3,321,500	4.71%	3,321,500	14.24%	-	-
Indgrowth Capital Fund I	3,474,086	4.93%	3,488,372	14.95%	-	-
Poshika Advisory Services LLP	3,019,817	4.28%	3,019,817	12.94%	879,017	18.71%
Anand Ramakant Chokhani	87,186	0.12%	87,186	0.37%	327,710	6.97%
Ramakant R. Chokhani HUF	315,356	0.45%	315,356	1.35%	633,600	13.49%
Neelam R. Chokhani	9,253	0.01%	29,500	0.12%	700,000	14.90%
Ramakant R. Chokhani	225,435	0.32%	215,435	0.92%	1,806,490	38.45%
<b>Total</b>	<b>63,017,811</b>	<b>89.35%</b>	<b>15,897,171</b>	<b>68.11%</b>	<b>4,346,817</b>	<b>92.52%</b>

## Notes forming part of the financial statement for the year ended 31<sup>st</sup> March 2020 (contd.)

### e. Shares reservation :

As at March 31, 2020 – 38,01,528 shares ( as at March 31, 2019 – 39,988,964 Shares) were reserved for issuance as below :

- 38,01,528 (previous year 35,30,759) shares of ₹ 10 each towards outstanding employee stock options granted (refer note 41)
- Nil (previous year 1,38,37,210) shares of ₹ 10 each towards outstanding compulsorily convertible preference shares.
- Nil (previous year 1,38,37,210) shares of ₹ 10 each towards outstanding compulsorily convertible debentures.
- Nil (previous year 87,83,785) shares of ₹ 10 each towards outstanding convertible warrants.

### f. Objective for managing capital:

The Company maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements as prescribed by Reserve Bank of India (RBI). The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by RBI.

### 23. Other equity

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Compulsorily convertible preference shares	-	1,383.72	-
Share under issuance	-	17,500.00	-
Compulsorily convertible debentures	-	1,383.72	-
Money received against share warrants	-	3,250.00	-
Statutory reserve	1,535.92	1,145.55	1,116.44
Capital reserve	1,046.00	-	-
Securities premium account	77,673.44	53,327.22	-
Employee stock options scheme outstanding	648.75	300.01	-
Retained earnings	4,195.39	2,666.19	2,498.76
<b>Total</b>	<b>85,099.50</b>	<b>80,956.41</b>	<b>3,615.20</b>

### Nature and purpose of reserves :

#### Statutory reserves u/s 45-IC of The RBI Act, 1934

Statutory reserve fund is required to be created by a Non-Banking Financial Company as per Section 45- IC of the Reserve Bank of India Act, 1934. The Company is not allowed to use the reserve fund except with authorisation of Reserve Bank of India.

#### Capital reserve

Capital reserve comprises of the amount received on share warrants forfeited by the Company for non-payment of call money.

#### Securities premium account

Securities premium account is used to record the premium on issue of shares. The reserve is utilised in accordance with the provision of the Companies Act, 2013.

#### Employee stock options scheme outstanding

The shares options outstanding account is used to recognise the grant date fair value of options issued to employees under stock option schemes of the Company.

#### Retained earnings

Retained earnings represents surplus of accumulated earnings of the Company and which are available for distribution to shareholders.

## Notes forming part of the financial statement for the year ended 31<sup>st</sup> March 2020 (contd.)

### 24. Interest income

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>Interest on loans</b>		
- Loan portfolio	7,112.74	113.67
<b>Interest on other financial assets</b>		
- Other financial assets	34.64	7.05
<b>Interest on investments</b>		
- Governments bonds and other taxable bonds	-	63.84
<b>Interest on fixed deposits</b>		
- Interest on fixed deposits with banks	741.81	2,638.06
<b>Total</b>	<b>7,889.19</b>	<b>2,822.62</b>

### 25. Dividend income

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Dividend income on investment	17.40	50.43
<b>Total</b>	<b>17.40</b>	<b>50.43</b>

### 26. Net gain on fair value changes

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Net gain on financial instruments at fair value through profit and loss :-		
On trading portfolio		
- Gain on sale of investments	1,693.66	1,013.48
<b>Total</b>	<b>1,693.66</b>	<b>1,013.48</b>
Fair value changes :		
Realised	1,569.71	1,533.68
Unrealised	123.95	(520.20)
<b>Total</b>	<b>1,693.66</b>	<b>1,013.48</b>

### 27. Other operating revenue

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Processing fees income	51.43	1.33
Other miscellaneous income	17.69	5.74
<b>Total</b>	<b>69.12</b>	<b>7.07</b>



## Notes forming part of the financial statement for the year ended 31<sup>st</sup> March 2020 (contd.)

### 28. Other Income

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Marketing advisory fees	220.00	-
Technology support fees	625.00	-
Web display fees	-	500.00
<b>Total</b>	<b>845.00</b>	<b>500.00</b>

### 29. Finance cost

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>Interest Costs</b>		
<b>Interest expense on financial liabilities measured at amortised cost:</b>		
<b>(a) Interest on borrowings</b>		
Interest on borrowings from banks and financial institutions	834.74	1.10
<b>(b) Interest on debt securities</b>		
Interest on redeemable non convertible debentures	308.59	-
<b>(c) Interest on lease liabilities</b>		
Interest on lease liabilities	198.48	103.65
<b>(d) Other interest expense</b>		
Interest expense on other financial liabilities	25.49	-
<b>Total</b>	<b>1,367.30</b>	<b>104.75</b>

### 30. Impairment losses on financial instruments

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>On financial instruments measured at amortised cost:</b>		
<b>Impairment on loans</b>		
Provision for expected credit loss	1,023.41	24.39
<b>Total</b>	<b>1,023.41</b>	<b>24.39</b>

### 31. Employee benefit expenses

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries, other allowances and bonus	4,211.33	2,118.94
Contribution to provident and other funds (refer note 40a)	93.03	34.00
Gratuity expenses (refer note 40b)	31.27	21.67
Staff welfare expenses	30.43	6.00
Share based payments to employees (refer note 41)	348.74	300.01
<b>Total</b>	<b>4,714.80</b>	<b>2,480.62</b>

## Notes forming part of the financial statement for the year ended 31<sup>st</sup> March 2020 (contd.)

### 32. Depreciation and amortisation

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Depreciation on property, plant and equipment	139.49	11.39
Amortization on intangible assets	255.84	-
Depreciation on right of use asset	344.02	166.94
<b>Total</b>	<b>739.35</b>	<b>178.33</b>

### 33. Other expenses

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Rent expenses	92.69	81.03
Communication expenses	95.31	5.65
Printing and stationery expenses	23.96	12.63
Advertisement and publicity expenses	6.02	3.84
Directors sitting fees	141.00	87.00
Payment to auditor **	51.28	12.00
Legal and professional expenses	714.28	404.23
Insurance expenses	102.11	15.05
Rates and taxes expenses	256.31	91.20
Computer maintenance and software expenses	403.78	43.63
Marketing and brand promotion expenses	11.25	35.46
Power and fuel expenses	20.96	5.62
Meeting and event expenses	20.10	4.59
Travelling, lodging and boarding expenses	186.90	170.21
Brokerage expenses	4.45	27.97
Miscellaneous expenses	203.55	84.01
CSR expenditure *	3.77	-
<b>Total</b>	<b>2,337.72</b>	<b>1,084.12</b>

\* Company is required to contribute to corporate social responsibility activity as per CSR Rules under the Companies Act, 2013. During the year Company has spent ₹ 3.76 lacs out of required sum of ₹ 4.22 lacs. The amount is spent towards promoting gender equality and empowering women through NGO.

\*\* Payment to auditor includes :

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
a. Statutory audit	31.00	6.15
b. Limited review	15.00	5.25
c. Certification matter	4.35	0.60
d. Out of pocket expenses	0.93	-
<b>Total</b>	<b>51.28</b>	<b>12.00</b>

## Notes forming part of the financial statement for the year ended 31<sup>st</sup> March 2020 (contd.)

### 34. Exceptional expenses

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Recruitment fees for appointment of independent directors	-	140.38
Compensatory payment to executives	-	135.45
Stamp duty and fees for increase in authorised share capital	-	90.84
<b>Total</b>	<b>-</b>	<b>366.67</b>

### 35. Earnings per share

Basic and diluted earnings per share [EPS] computed in accordance with Indian Accounting Standard (IndAS) 33 'Earnings per share' :

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>Basic</b>		
Profit after tax [A]	1,951.86	394.64
Weighted average number of equity shares outstanding during the year (Nos.) [B]	66,248,148	51,114,079
<b>Basic earnings per share (₹) [A/B]</b>	<b>2.95</b>	<b>0.77</b>
<b>Diluted</b>		
Profit after tax [A]	1,951.86	394.64
Weighted average number of equity shares outstanding during the year (Nos.)	66,248,148	51,114,079
Weighted average number of potential equity shares on account of employee stock options and share warrants	1,831,840	1,805,233
Weighted average number of shares outstanding for diluted earning per share [C]	68,079,988	52,919,312
<b>Diluted earnings per share (₹) [A/C]</b>	<b>2.87</b>	<b>0.75</b>
Face value of shares (₹)	10	10

### 36. Contingent liabilities and capital commitments:

#### a. Contingent liabilities

All tax related liabilities till July 05, 2018 are covered by a deed of indemnity entered by existing promoters with erstwhile promoters (refer note 2). Further, we state that there are no other contingent liability other than covered under deed of indemnity.

#### b. Capital commitments

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Commitments not provided for :		
- Commitments related to loans sanction but undrawn	-	1,222.80
- Commitments related to loans sanction but partially undrawn	593.06	260.30
- Amount of contracts remaining to be executed on capital account	188.12	306.79
<b>Total</b>	<b>781.18</b>	<b>1,789.89</b>

### 37. Operating segments

The Company is mainly engaged in the business of lending and primarily deals in financing SME and MSME sector. Further, all activities are conducted within India. accordingly, there is no separate reportable segment, as per the IndAS 108 "Operating Segments" specified under Section 133 of the Act.

## Notes forming part of the financial statement for the year ended 31<sup>st</sup> March 2020 (contd.)

### 38. Related party

#### a. List of related parties and their relationship :

##### (i) Key managerial personnel (KMP) :

- Executive Chairman & Managing Director	Shachindra Nath
- Whole Time Director & Chief Executive Officer	Abhijit Ghosh
- Chief Financial Officer	Kalpeshkumar Ojha
- Company secretary	Aniket Karandikar

##### (ii) Enterprises over which KMP has control :

- Poshika Financial Ecosystem Private Limited
- Poshika Advisory Services LLP

Transactions with related parties are as enumerated below:

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Transaction during the year</b>		
<b>Expenses</b>		
<b>Poshika Financial Ecosystem Private Limited</b>		
Advisory and fund raising charges	-	2,457.38
<b>Remuneration paid *</b>		
Shachindra Nath	319.45	217.51
Abhijit Ghosh	302.26	323.48
Kalpeshkumar Ojha	117.69	49.67
Aniket Karandikar	32.11	12.85

\*The above figures does not include provision towards gratuity. Gratuity is actuarially determined for the Company as a whole and separate figures are not available.

### 39. Expenditure in foreign currency

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Other expenses	1.30	-
<b>Total</b>	<b>1.30</b>	<b>-</b>

### 40. Disclosure pursuant to IndAS 19 'Employee benefits'

#### a. Defined contribution plans :

Particulars	As at March 31, 2020	As at March 31, 2019
Employer's contribution to provident fund	68.81	33.99
Employer's contribution to national pension scheme	24.16	-
Employer's contribution to labour welfare fund	0.06	0.01
<b>Total</b>	<b>93.03</b>	<b>34.00</b>

## Notes forming part of the financial statement for the year ended 31<sup>st</sup> March 2020 (contd.)

### 40. Disclosure pursuant to IndAS 19 'Employee benefits' (Continued)

#### b. Defined benefit plan

The following table sets out the status of the defined benefit plan as per the actuarial valuation by the independent actuary appointed by the Company :

(i). The principal assumptions used for the purposes of the actuarial valuations were as follows :

Particulars	Gratuity plans		
	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Discount rate	5.45%	7.50%	NA
Expected rate of return on plan asset	NA	NA	NA
Salary escalation	7.00%	8.00%	NA
Attrition rate	22.00%	15.00%	NA
Mortality table	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)	NA

(ii). Amounts recognised in the statement of profit and loss in respect of these defined benefit plans are as follows :

Particulars	Gratuity plans	
	As at March 31, 2020	As at March 31, 2019
<b>Service cost:</b>		
Current service cost	29.66	21.67
Net interest expense	1.61	-
<b>Components of defined benefit costs recognised in profit or loss</b>	<b>31.27</b>	<b>21.67</b>
<b>Remeasurement on the net defined benefit liability:</b>		
Actuarial (gains) on defined benefit obligations	(0.03)	(0.21)
<b>Components of defined benefit costs recognised in other comprehensive income</b>	<b>(0.03)</b>	<b>(0.21)</b>
<b>Total</b>	<b>31.24</b>	<b>21.46</b>

(iii). The amount included in the balance sheet arising from the Company's obligation in respect of its defined benefit plans is as follows :

Particulars	Gratuity plans		
	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Present value of defined benefit obligation	52.70	21.46	NA
<b>Net liability arising from defined benefit obligation</b>	<b>52.70</b>	<b>21.46</b>	<b>NA</b>

(iv). Movements in the present value of the defined benefit obligation is as follows :

Particulars	Gratuity plans		
	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
<b>Opening defined benefit obligation</b>	<b>21.46</b>	<b>0.00</b>	<b>NA</b>
Current service cost	29.66	21.67	NA
Interest cost	1.61	0.00	NA
Remeasurement (gains)	(0.03)	(0.21)	NA
<b>Closing defined benefit obligation</b>	<b>52.70</b>	<b>21.46</b>	<b>NA</b>

## Notes forming part of the financial statement for the year ended 31<sup>st</sup> March 2020 (contd.)

### 40. Disclosure pursuant to IndAS 19 'Employee benefits' (Continued)

#### (v). Maturity analysis of the benefit payments :

Projected benefits payable in future years	As at March 31, 2020	As at March 31, 2019
1st following year	0.30	0.11
2nd following year	0.27	0.11
3rd following year	0.25	0.11
4th following year	9.98	0.11
5th following year	11.89	4.34
Sum of years 6 To 10	34.24	17.01
Sum of years 11 and above	19.08	21.32

The estimates of future salary growth, factored in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market. Such estimates are very long term and are not based on limited past experience / immediate future. Empirical evidence also suggests that in very long term, consistent high salary growth rates are not possible. The said estimates and assumptions have been relied upon by the auditors.

#### (vi). Sensitivity analysis (defined benefit obligation) :

Particulars	As at March 31, 2020		As at March 31, 2019	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(3.12)	3.42	(1.66)	1.85
Future salary growth (1% movement)	3.16	(2.98)	1.83	(1.67)
Attrition rate (1% movement)	(2.24)	2.32	(1.03)	1.07

Note :

The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

The sensitivity analysis presented above may not be representative of the actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognised in the balance sheet.

### 41. Disclosure relating to employee stock option scheme

The Company has one stock option schemes 'CSL Employee Stock Option Scheme 2017'. The said scheme was approved by board of directors on August 13, 2018 and by the shareholders in EGM dated September 18, 2018.

#### The activity in the CSL employee stock option scheme 2017 during the year ended March 31, 2020 and March 31, 2019 is set below :

Particulars	As at March 31, 2020	Exercise price range	As at March 31, 2019	Exercise price range
	In numbers		In numbers	
CSL employee stock option scheme 2017 : (face value of ₹ 10 each)				
<b>Option outstanding at the beginning of the year</b>	<b>3,530,759</b>	<b>₹ 130</b>	-	-
Add: Granted	270,769	₹ 130 - ₹ 180	3,530,759	₹ 130
Less: Exercised	-	-	-	-
Less: Lapsed	-	-	-	-
<b>Option outstanding at the end of the year</b>	<b>3,801,528</b>	<b>₹ 130 - ₹ 180</b>	<b>3,530,759</b>	<b>₹ 130</b>
<b>Exercisable at the end of the year</b>	<b>3,801,528</b>		<b>3,530,759</b>	



## Notes forming part of the financial statement for the year ended 31<sup>st</sup> March 2020 (contd.)

The Company follows accounting policy of fair value method for employee stock option (ESOPs) valuation. Accordingly accumulated expense of ₹ 348.74 lacs (previous year ₹ 300.01 lacs) – has been debited to the statement of profit and loss of the year ended March 31, 2020.

Particulars	CSL employee stock option scheme 2017 - Grant I	CSL employee stock option scheme 2017 - Grant II	CSL employee stock option scheme 2017 - Grant III	CSL employee stock option scheme 2017 - Grant IV	CSL employee stock option scheme 2017 - Grant V
Date of grant	August 13, 2018	September 26, 2018	November 02, 2018	November 14, 2018	December 26, 2018
Number of options granted	2,749,223	289,229	246,154	61,538	184,615
Method of settlement	Equity shares	Equity shares	Equity shares	Equity shares	Equity shares
Vesting period	13/08/2019, 13/08/2020, 13/08/2021, 13/08/2022.	26/09/2019, 26/09/2020, 26/09/2021, 26/09/2022.	02/11/2019, 02/11/2020, 02/11/2021, 02/11/2022.	14/11/2019, 14/11/2020, 14/11/2021, 14/11/2022.	26/12/2019, 26/12/2020, 26/12/2021, 26/12/2022.
Vesting pattern	16.66:16.66:16.66:50	16.66:16.66:16.66:50	16.66:16.66:16.66:50	16.66:16.66:16.66:50	16.66:16.66:16.66:50
<b>Weighted average remaining contractual life</b>					
Granted but not vested	1.77 years	1.89 years	1.99 years	2.02 years	2.14 years
Vested but not exercised	2.37 years	2.49 years	2.59 years	2.62 years	2.74 years
Weighted average share price at the date of exercise for stock options exercised during the year	Nil	Nil	Nil	Nil	Nil
Exercise period	Within a period of 3 years from date of vesting.				
Vesting conditions	50 % of the vesting of options would be subject to continued employment with the Company and shall vest in equal installments over period of three years on the first, second and third anniversary of the grant date. 50 % of vesting of option would depend on pre determined parameters laid down in scheme i.e. ROA and AUM along with passage of time of 3 years continuous employment in the company.				
Weighted average fair value of options as on grant date in (₹)	61.91	63.69	62.92	62.78	62.54

## Notes forming part of the financial statement for the year ended 31<sup>st</sup> March 2020 (contd.)

Particulars	CSL employee stock option scheme 2017 - Grant VI	CSL employee stock option scheme 2017 - Grant VII	CSL employee stock option scheme 2017 - Grant VIII	CSL employee stock option scheme 2017 - Grant IX
Date of grant	August 09, 2019	August 16, 2019	October 14, 2019	February 05, 2020
Number of options granted	169,230	46,154	15,385	40,000
Method of settlement	Equity shares	Equity shares	Equity shares	Equity shares
Vesting period	09/08/2020, 09/08/2021, 09/08/2022, 09/08/2023	16/08/2020, 16/08/2021, 16/08/2022, 16/08/2023	14/10/2020, 14/10/2021, 14/10/2022, 14/10/2023	05/02/2021, 05/02/2022, 05/02/2023, 05/02/2024
Vesting pattern	16.66:16.66:16.66:50	16.66:16.66:16.66:50	16.66:16.66:16.66:50	16.66:16.66:16.66:50
<b>Weighted average remaining contractual life</b>				
Granted but not vested	2.36 years	2.38 years	2.54 years	2.85 years
Vested but not exercised	-	-	-	-
Weighted average share price at the date of exercise for stock options exercised during the year	Nil	Nil	Nil	Nil
Exercise period	Within a period of 3 years from date of vesting.			
Vesting conditions	50 % of the Vesting of Options would be subject to continued employment with the Company and shall vest in equal installments over period of three years on the first, second and third anniversary of the grant date. 50 % of vesting of option would depend on pre determined parameters laid down in scheme i.e. ROA and AUM along with passage of time of 3 years continuous employment in the company.			
Weighted average fair value of options as on grant date in (₹)	74.80	81.44	77.38	66.37

### Exercise pricing formula

#### The exercise pricing formula for CSL employee stock option scheme 2017 are as under :

The nomination and remuneration committee shall have the authority to determine the exercise price having regard to the valuation report of an independent valuer if any. The said committee shall in its absolute discretion, have the authority to grant the options at such discount / premium as it may deem fit.

## Notes forming part of the financial statement for the year ended 31<sup>st</sup> March 2020 (contd.)

### Fair value methodology :

The fair value of options have been estimated on the date of grant using Black-Scholes model :

The key assumptions used in Black-Scholes model for calculating fair value under CSL employee stock option scheme 2017 with respect to various grants :

Particulars	CSL employee stock option scheme 2017 - Grant I	CSL employee stock option scheme 2017 - Grant II	CSL employee stock option scheme 2017 - Grant III	CSL employee stock option scheme 2017 - Grant IV	CSL employee stock option scheme 2017 - Grant V
Risk-free interest rate	7.75%	8.02%	7.56%	7.48%	7.09%
Expected volatility of share price	39.71% *	41.40% *	41.56% *	41.60% *	42.28% *
Time to maturity (in years)	3.98	3.98	3.97	3.98	3.97
Dividend yield	-	-	-	-	-
The price of equity share as on grant date considered for valuation in (₹)	140 **	140 **	140 **	140 **	140 **

\*The daily volatility of the stock prices on BSE, over a period prior to the date of grant, corresponding with the expected life of the Options has been considered to calculate the fair value.

\*\* The QIP issue price has been considered as the current market price for computing the fair value of ESOP since the market value on the date of grant of ESOP was not representative of the fair value of the share.

Particulars	CSL employee stock option scheme 2017 - Grant VI	CSL employee stock option scheme 2017 - Grant VII	CSL employee stock option scheme 2017 - Grant VIII	CSL employee stock option scheme 2017 - Grant IX
Risk-free interest rate	5.99%	6.06%	5.94%	6.05%
Expected volatility of share price	44.30% *	44.41%*	45.19%*	45.27%*
Time to maturity (in years)	3.80	3.79	3.71	3.55
Dividend yield	-	-	-	-
The price of equity share as on grant date considered for valuation in (₹)	180	180	180	165

\*The daily volatility of the stock prices on BSE, over a period prior to the date of grant, corresponding with the expected life of the Options has been considered to calculate the fair value.

## Notes forming part of the financial statement for the year ended 31<sup>st</sup> March 2020 (contd.)

### 42. Leases (entity as a lessee)

The Company is having several branches spread in various states. The Company functions from the premises taken on lease in these states.

#### a. Right of use asset :

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Office Premises :</b>		
<b>At cost at the beginning of the year</b>	<b>1,794.60</b>	-
Additions during the year	60.37	1,794.60
<b>At cost at the end of the year</b>	<b>1,854.97</b>	<b>1,794.60</b>
<b>Accumulated depreciation as at the beginning of the year</b>	<b>166.94</b>	-
Depreciation for the year	344.02	166.94
<b>Accumulated depreciation as at the end of the year</b>	<b>510.96</b>	<b>166.94</b>
<b>Net carrying amounts as at the end of the year</b>	<b>1,344.01</b>	<b>1,627.66</b>

#### b. Amount recognised in profit and loss :

Particulars	As at March 31, 2020	As at March 31, 2019
Depreciation expense for the year on right-of-use assets	344.02	166.94
Interest expense for the year on lease liabilities	198.48	103.65
<b>Total expenses recognised in profit and loss</b>	<b>542.50</b>	<b>270.59</b>

The total cash outflow on account of lease rental amounting for the current year ₹ 445.44 lacs (previous year : ₹ 166.01 lacs). The average lease term for the rented office premises is ranging between 5 to 12 years.

#### c. Lease liabilities :

Particulars	As at March 31, 2020	As at March 31, 2019
Lease liabilities	1,545.55	1,732.15
<b>Total</b>	<b>1,545.55</b>	<b>1,732.15</b>

#### d. Maturity analysis of lease liabilities :

Particulars	As at March 31, 2020	As at March 31, 2019
Not later than 1 year	294.10	244.71
Later than 1 year and not later than 5 years	1,190.00	1,356.35
Later than 5 years	61.45	131.09
<b>Total</b>	<b>1,545.55</b>	<b>1,732.15</b>

The entity has adequate liquidity for payment of lease liabilities. The Company regularly monitor and pays lease rentals on timely manner as per the terms of respective leave and license agreement.

The Company has right to extend lease term as per mutually agreed terms laid down in respective leave and license agreement. The Company takes into account effect of extended lease term while recording the lease assets and lease liabilities accordingly.

## Notes forming part of the financial statement for the year ended 31<sup>st</sup> March 2020 (contd.)

### 43. Details of dues to micro and small enterprises

The Company has sent confirmations to suppliers to confirm whether they are covered under The Micro, Small and Medium Enterprises Development Act 2006 (MSMED Act, 2006) as well as they have filled required memorandum with prescribed authorities. Out of the confirmations sent to the parties, some confirmation have been received till date of finalisation of Balance Sheet. Based on the confirmations received, the outstanding amounts payable to vendors covered under The Micro, Small and Medium Enterprises Development Act 2006 are given below :

Particulars	As at March 31, 2020	As at March 31, 2019
1. The principal amount remaining unpaid at the end of the accounting year.	10.14	-
2. The interest amount remaining unpaid at the end of the accounting year.	-	-
3. The amount of interest paid by the Company in terms of section 16 of The MSMED Act, 2006, along with the amounts of the payment made to the suppliers beyond the appointed day during the year	-	-
4. The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under The MSMED Act, 2006.	-	-
5. The amount of interest due and payable for the period (where the principal has been paid but interest under The MSMED Act, 2006 not paid)	-	-
6. The amount of interest accrued and remaining unpaid at the end of accounting year	-	-
7. The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of The MSMED Act, 2006.	-	-
<b>The balance of MSMED parties as at the end of the year</b>	<b>10.14</b>	<b>-</b>

### 44. Asset acquisition

#### a. Brief of the transaction :

The Board of Directors of the Company at their meeting held on December 31, 2017 had considered and approved a scheme of arrangement under Sections 230 to 232 read with section 52 and 66 of the Companies Act, 2013 between Asia Pragati Capfin Private Limited ("APCPL") a private limited company incorporated under the laws of India and holding a license to act as a non-banking finance company, and UGRO Capital Limited ("UGRO") the resulting company and their respective shareholders and creditors. The scheme of arrangement (the "Scheme") for demerger of lending business of APCPL into UGRO has been sanctioned by the National Company Law Tribunal, Mumbai bench ("NCLT") vide order dated June 13, 2019. The certified copy of order of NCLT was filed with the registrar of companies, Maharashtra at Mumbai on June 28, 2019 and June 30, 2019 by UGRO and APCPL respectively and has become effective from June 30, 2019. As per the NCLT approved scheme, the appointed date of the Scheme is April 01, 2018 ("the appointed date"). The Company has issued 135,65,891 number of equity shares at ₹ 129 each (face value ₹ 10) at a premium of ₹ 119 per share aggregating to ₹ 17,500 lacs on July 30, 2019 to DBZ (Cyprus) Limited ("DBZ"), a Company incorporated under the laws of Cyprus and the shareholder of APCPL, as the consideration.

Pursuant to the scheme of arrangement and board approval, the purchase of the net assets has been accounted on the appointed date, wherein the purchase consideration of ₹ 17,500 lacs has been allocated to the respective net assets (including indemnification asset) at their respective fair values. DBZ will pay UGRO, the difference (net of applicable taxes, if any) between the consideration and the aggregate realisable value of the assets and cash and cash equivalents. As per the indemnity agreement, UGRO has filed the requisite documentation for the same.

#### b. Details of assets acquired :

Sr No.	Particulars	Amount
	<b>Assets</b>	
(i)	Fixed deposits	13,500.00
(ii)	Indemnified assets	4,000.00
	<b>Net assets acquired</b>	<b>17,500.00</b>

## Notes forming part of the financial statement for the year ended 31<sup>st</sup> March 2020 (contd.)

### c. Computation of goodwill :

Sr No.	Particulars	Amount
	<b>Transfer consideration</b>	
(i)	Equity shares	1,356.59
(ii)	Security premium account	16,143.41
	<b>Total consideration (A)</b>	<b>17,500.00</b>
	<b>Net assets acquired (B)</b>	<b>17,500.00</b>
	<b>Goodwill (excess of net assets) (A-B)</b>	<b>-</b>

### 45. Summarised classification of financial assets and liabilities :

Particulars	As at March 31, 2020			As at March 31, 2019			As at April 01, 2018		
	Amortised cost	At fair value through profit and loss account	Total	Amortised cost	At fair value through profit and loss account	Total	Amortised cost	At fair value through profit and loss account	Total
<b>Financial assets</b>									
Cash and cash equivalents	874.64	-	<b>874.64</b>	32,086.98	-	<b>32,086.98</b>	0.87	-	<b>0.87</b>
Bank balance other than cash and cash equivalents	321.97	-	<b>321.97</b>	13,654.98	-	<b>13,654.98</b>	-	-	<b>-</b>
Trade receivables	657.93	-	<b>657.93</b>	232.00	-	<b>232.00</b>	-	-	<b>-</b>
Loans	83,238.19	-	<b>83,238.19</b>	7,889.47	-	<b>7,889.47</b>	-	-	<b>-</b>
Investments	-	7,250.81	<b>7,250.81</b>	-	10,678.86	<b>10,678.86</b>	-	4,220.74	<b>4,220.74</b>
Other financial assets (refer note 8)	22,097.49	-	<b>22,097.49</b>	18,330.48	-	<b>18,330.48</b>	-	-	<b>-</b>
<b>Total</b>	<b>107,190.22</b>	<b>7,250.81</b>	<b>114,441.03</b>	<b>72,193.91</b>	<b>10,678.86</b>	<b>82,872.77</b>	<b>0.87</b>	<b>4,220.74</b>	<b>4,221.61</b>
<b>Financial liabilities</b>									
Payables :									
(A) Trade payables									
(i) total outstanding dues of micro enterprises and small enterprises	10.14	-	<b>10.14</b>	-	-	<b>-</b>	-	-	<b>-</b>
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	1,039.00	-	<b>1,039.00</b>	90.50	-	<b>90.50</b>	0.64	-	<b>0.64</b>
(B) Other payables									
(i) total outstanding dues of creditors other than micro enterprises and small enterprises	371.36	-	<b>371.36</b>	501.26	-	<b>501.26</b>	-	-	<b>-</b>
Debt securities	5,009.41	-	<b>5,009.41</b>	-	-	<b>-</b>	-	-	<b>-</b>
Borrowings (other than debt securities)	20,444.46	-	<b>20,444.46</b>	973.60	-	<b>973.60</b>	-	-	<b>-</b>
Other financial liabilities (refer note 19)	1,870.87	-	<b>1,870.87</b>	1,767.52	-	<b>1,767.52</b>	-	-	<b>-</b>
<b>Total</b>	<b>28,745.24</b>	<b>-</b>	<b>28,745.24</b>	<b>3,332.88</b>	<b>-</b>	<b>3,332.88</b>	<b>0.64</b>	<b>-</b>	<b>0.64</b>



## Notes forming part of the financial statement for the year ended 31<sup>st</sup> March 2020 (contd.)

### 46. Financial risk management

The Company has exposure to the following risks from financial instruments:

- a. Credit Risk
- b. Liquidity Risk
- c. Market Risk
- d. Operational Risk

The Company is exposed to a variety of risks such as credit risk, liquidity risk, market risk, operational risk, etc. The Company has therefore invested in talent, processes and emerging technologies for building advanced risk and underwriting capabilities. The Board of Directors has constituted a Risk Management Committee to address these risks. The Risk Management Committee's mandate includes periodic review of the risk management policy, risk management planning, implementation and monitoring of the risk management plan and mitigation of key risks. The risk owners are accountable to the Risk Committee for identification, assessment, aggregation, reporting and monitoring of risks. The board of directors are responsible for providing overall risk oversight, approving risk appetite, risk management policies and frameworks and providing adequate oversight for the decisions.

#### (A) Credit Risk

Risk Management team is engaged in defining a framework, overseeing enterprise wide risks and building a portfolio within the risk appetite of the company. The effective management of credit risk requires the establishment of appropriate credit risk policies and processes. The company has comprehensive and well-defined credit policies across various businesses, products and segments, which encompass credit approval process for all businesses along with guidelines for mitigating the risks associated with them. Credit underwriting is driven by a deep understanding of the selected segments, which forms proprietary risk models and approaches. The company believes in positive sector/sub-sector selection to source its business. Same is done primarily through Analytics and survey. Further the company has also developed sophisticated sector/sub-sector scorecards both statistical and expert. The proposals are appraised based on understanding of these sector/sub-sectors. Fine balance of sector knowledge, data analytics, touch and feel and digital process is used for underwriting the proposals. Given the dynamic nature of the market, the credit policies are regularly reviewed and amended.

#### Management of Credit Risk

##### **Write off policy :**

Write off policy Financial assets are written off either partially or in their entirety only when the Company has stopped pursuing the recovery. Any subsequent recoveries are credited to impairment on financial instrument in statement of profit and loss. The write off decisions will be taken by management which would be based on suitable justification notes presented by the responsible business / collections team.

##### **Credit quality analysis :**

The Company's policies for computation of expected credit loss are set out below:

#### **(A) ECL on Loans and advances**

**ECL is computed for loans and investments portfolio of the Company :**

##### **Loan portfolio :**

UGRO Capital Ltd is primarily engaged into SME lending and has segmented its lending portfolio based on the homogenous nature of group of borrowers.

As a result, Portfolio Segmentation considered for ECL computation for seventeen segments.

##### **Definition of default :**

A default shall be considered to have occurred when any of the following criteria are met:

- a) An asset is more than 90 DPD.
- b) If one facility of borrower is NPA, all the facilities of that borrower are to be treated as NPA.

##### **Significant increase in credit risk (SICR) criteria :**

- (a) External credit rating going below investment grade rating.

## Notes forming part of the financial statement for the year ended 31<sup>st</sup> March 2020 (contd.)

### 46. Financial risk management (Continued)

- (b) significant changes in the expected performance and behavior of the borrower, including changes in the payment status of borrowers.
- (c) Other Qualitative parameters :
  - existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant change in the borrower's ability to meet its debt obligations.
  - an actual or expected significant adverse change in the regulatory, economic, or technological environment of the sector that results in a significant change in the sector's ability to meet its debt obligations.
- (d) Any other qualitative parameter.

#### Definition of low credit risk :

A case which has scores above cutoff norms as set by Company from time to time and current status is stage I is termed as low credit risk.

#### Forward looking factors :

Forward looking factors are considered while determining the significant increase in credit risk.

#### Staging criteria :

##### Following staging criteria is used for loans :

- (i) 0 - 30 days past due (DPD) as stage I;
- (ii) 31 - 90 DPD as Stage II; and
- (iii) outstanding > 90 DPD as stage III.

Any deviation to the above classification shall be approved by audit committee of the board (ACB).

#### Probability of Default (PD%)

PD are determined depending on the risk profile of the pool of loans based on default analysis by CRIF, PD published by credit rating agency, bureau application scorecards.

#### Loss given default (LGD%)

Loss given default (LGD) represents recovery from defaulted assets.

Foundational-Internal Rating Based (F-IRB) approach detailed in the guidelines is used for the LGD computation.

LGD is determined based on FIRB approach for stage 1 and stage 2, for stage 3 loans the Company estimates the cash flows expected over a time period.

#### Exposure at Default (EAD)

Exposure at default represents the outstanding balance at the reporting date plus expected drawdowns on committed facilities. UGRO Capital Ltd has considered following for EAD computation :

- a. On books principle exposure.
- b. Accumulated interest exposure.
- c. Excluding FLDG amount, if any.

The Company actively participates in co-lending with other NBFC partners, In many of these deals there is a FLDG in the form of FD (or equivalent) or corporate guarantee.

In such scenario, while arriving at EAD, FLDG amount would be subtracted.

In case of default in such arrangements, if the trigger event occurs for both unsecured and Secured loans on 89th day the POS plus accumulated interest would be adjusted from FLDG. The interest accumulation to stop in accounting books for such assets as there would not be principal outstanding.

#### (B) Undrawn exposure

In case of ECL on undrawn exposure , the EAD is computed after considering credit conversion factor (CCF) of 50% (percentage as prescribed by RBI) and 12 month ECL is computed for all undrawn commitments pertaining to stage I assets considering PD% and LGD% of the respective categories of loans and advances.

## Notes forming part of the financial statement for the year ended 31<sup>st</sup> March 2020 (contd.)

### 46. Financial risk management (Continued)

#### Applicable provisions for NBFC covered under IndAS :

RBI under this circular provide that NBFCs which are required to comply with Indian Accounting Standards (IndAS) shall, as hitherto, continue to be guided by the guidelines duly approved by their boards and as per ICAI advisories for recognition of the impairments.

#### Impact of Covid - 19 on expected credit loss :

This being the black swan event, company feels that the delinquency would be on rise and will impact the ECL. Basis the detail discussions with customers and after carefully analysing the data of customers with the company, a detail scenario building is done to understand the stress in the portfolio.

#### Portfolio default and loss estimates :

To arrive at an early estimation of loss, an internally developed methodology has been adopted.

- For retail term loans, the method combines macroeconomic outlook of sector demand, entities' cash in hand and losses incurred during/immediately after the lockdown period, to arrive at a projection of delinquency and loss.
- For SCF portfolio, the assessment is based on evaluation of anchors basis personal interviews conducted by the Company officers, focussing on key business aspects such as capacity utilization, production impact, fixed costs v/s cash flow.
- For onward lending book, the estimates are based on client level assessment.
- For inorganic pools, the estimates are based on partner assessment and high-level multipliers.

Further management will continue to review the situation and do this analysis at regular interval during FY 2021 as we will have more data points and keep updating the analysis and make appropriate adjustments, as warranted and reflect the same in financials also considering further regulatory guidance as may be forthcoming.

#### Provisioning under COVID 19 :

In assessing the recoverability of loans, receivables and investments, the Company has considered internal and external sources of information, including credit reports, economic forecasts and industry reports upto the date of approval of these financial results. The Company has performed sensitivity analysis on the assumptions used and based on current indicators of future economic conditions, the carrying amount of these assets represent the Company's best estimate of the recoverable amounts. The Company has estimated and recognised an additional expected credit loss of ₹ 331 lacs on certain financial assets, on account of the anticipated effect of the global health pandemic. As a result of the uncertainties resulting from COVID-19, the impact of this pandemic maybe different from those estimated as on the date of approval of these financial results and the Company will continue to monitor any changes to the future economic conditions.

#### A. Movement of expected credit loss on advances :

Particulars	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired	Total
<b>Opening balances as at April 01, 2019</b>	<b>23.56</b>	<b>0.80</b>	-	-	<b>24.36</b>
<b>Changes in the loss allowance during the year :</b>					
Transfer to Stage 1	0.80	(0.80)	-	-	-
Transfer to Stage 2	-	-	-	-	-
Transfer to Stage 3	-	-	-	-	-
New loan originated during the year	611.41	52.67	359.68	-	1,023.76
Other movements (on account of change in EAD)	(2.52)	(0.57)	-	-	(3.09)
<b>Closing balance as at March 31, 2020</b>	<b>633.25</b>	<b>52.10</b>	<b>359.68</b>	-	<b>1,045.03</b>
<b>Opening balance as at April 01, 2018</b>	-	-	-	-	-
<b>Changes in the loss allowance during the year:</b>					
Transfer to Stage 1	-	-	-	-	-
Transfer to Stage 2	-	-	-	-	-
Transfer to Stage 3	-	-	-	-	-
New loan originated during the year	23.56	0.80	-	-	24.36
Other movements (on account of change in EAD)	-	-	-	-	-
<b>Closing balance as at March 31, 2019</b>	<b>23.56</b>	<b>0.80</b>	-	-	<b>24.36</b>

## Notes forming part of the financial statement for the year ended 31<sup>st</sup> March 2020 (contd.)

### 46. Financial risk management (Continued)

#### B. Movement of expected credit loss (ECL) on loan commitments :

Particulars	Stage 1	Stage 2	Stage 3	Total
<b>Opening balances as at April 01, 2019</b>	-	-	-	-
<b>Changes in the loss allowance during the year:</b>				
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
New loan commitments originated during the year	2.77	-	-	2.77
Other movements (on account of change in EAD)	-	-	-	-
<b>Closing balance as at March 31, 2020</b>	<b>2.77</b>	<b>-</b>	<b>-</b>	<b>2.77</b>
<b>Opening balances as at April 01, 2018</b>	-	-	-	-
<b>Changes in the loss allowance during the year :</b>				
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
New loan commitments originated during the year	-	-	-	-
Other movements (on account of change in EAD)	-	-	-	-
<b>Closing balance as at March 31, 2019</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

#### C. Movement in gross carrying amount of advances :

Particulars	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired	Total
<b>Opening balance of gross carrying amount as at April 01, 2019</b>	<b>7,943.71</b>	<b>19.63</b>	<b>-</b>	<b>-</b>	<b>7,963.34</b>
<b>Changes in the gross carrying amount during the year :</b>					
Transfer to Stage 1	10.31	(10.31)	-	-	-
Transfer to Stage 2	-	-	-	-	-
Transfer to Stage 3	(111.72)	-	111.72	-	-
New loan originated during the year	78,270.04	1,820.70	706.04	-	80,796.78
Other movements (on account of change in EAD)	(3,740.20)	(9.31)	-	-	(3,749.51)
<b>Closing balance as at March 31, 2020</b>	<b>82,372.14</b>	<b>1,820.71</b>	<b>817.76</b>	<b>-</b>	<b>85,010.61</b>
<b>Opening balance of gross carrying amount as at April 01, 2018</b>	-	-	-	-	-
<b>Changes in the gross carrying amount during the year :</b>					
Transfer to Stage 1	-	-	-	-	-
Transfer to Stage 2	-	-	-	-	-
Transfer to Stage 3	-	-	-	-	-
New loan originated during the year	7,943.71	19.63	-	-	7,963.34
Other movements (on account of change in EAD)	-	-	-	-	-
<b>Closing balance as at March 31, 2019</b>	<b>7,943.71</b>	<b>19.63</b>	<b>-</b>	<b>-</b>	<b>7,963.34</b>

## Notes forming part of the financial statement for the year ended 31<sup>st</sup> March 2020 (contd.)

### 46. Financial risk management (Continued)

#### D. Movement in loan commitments :

Particulars	Stage 1	Stage 2	Stage 3	Total
<b>Opening balance as at April 01, 2019</b>	-	-	-	-
<b>Changes in loan commitments during the year :</b>				
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
New loan commitments originated during the year	593.91	-	-	593.91
Other movements (on account of change in EAD)	-	-	-	-
<b>Closing balance as at March 31, 2020</b>	<b>593.91</b>	<b>-</b>	<b>-</b>	<b>593.91</b>
<b>Opening balance as at April 01, 2018</b>	-	-	-	-
<b>Changes in loan commitments during the year :</b>				
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
New loan commitments originated during the year	-	-	-	-
Other movements (on account of change in EAD)	-	-	-	-
<b>Closing balance as at March 31, 2019</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

#### E. Details of collateral received against loan portfolio :

##### Nature of security against advances :

Underline securities for the assets secured by tangible assets are property, machinery, plant & equipment and book debts.

##### Advances (LTV band wise) :

LTV ratio	Gross carrying amount of advances	Cumulative loss allowance
Less than 50%	10,583.87	65.66
51% - 70%	14,683.58	123.69
71%-90%	9,046.87	67.07
91%-100%	98.64	0.07

##### Credit impaired advances (LTV band wise) :

LTV ratio	Gross carrying amount of advances	Cumulative loss allowance
Less than 50%	122.11	1.41

\* There is no collateral repossessed by the Company during the year.

#### B. Liquidity risk

Liquidity risk arises from the Company's inability to meet its cash flow commitments on time. Prudent liquidity risk management implies maintaining sufficient stock of cash and marketable securities and maintaining availability of standby funding through an adequate line up of committed credit facilities. Our Treasury team actively manages asset and liability positions in accordance with the overall guidelines laid down by the regulator in the Asset Liability management framework. Company continues to maintain positive ALM.

The Company's ALCO monitors asset liability mismatches to ensure that there are no imbalances or excessive concentrations on either side of the balance sheet. The Company continuously monitors liquidity in the market; and as a part of its ALCO strategy.

## Notes forming part of the financial statement for the year ended 31<sup>st</sup> March 2020 (contd.)

### 46. Financial risk management (Continued)

#### Undiscounted cash flows by contractual maturities for financial assets and financial liabilities as at March 31, 2020:

Particulars	Carrying amount	Gross nominal	Not later than one month	Later than one month and not later than three months	later than three months and not later than one year	later than one year and not later than five year	later than five years
<b>Financial assets (Inflow) :</b>							
Cash and cash equivalents	874.64	874.64	874.64	-	-	-	-
Bank balance other than cash and cash equivalents	321.97	338.58	1.43	-	337.15	-	-
Trade receivables	657.93	657.93	-	657.93	-	-	-
*Loans	83,238.19	112,088.44	1,790.38	14,873.31	25,510.24	45,452.40	24,462.11
Investments	7,250.81	7,250.81	7,250.81	-	-	-	-
Other financial assets	22,097.49	23,158.22	4,130.44	4,000.00	4,335.38	10,686.24	6.16
<b>Financial liabilities (outflow) :</b>							
Payables							
(A) Trade payables							
(i) total outstanding dues of micro enterprises and small enterprises	10.14	10.14	-	10.14	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	1,039.00	1,064.58	38.64	792.59	110.06	123.29	-
(B) Other payables							
(i) total outstanding dues of creditors other than micro enterprises and small enterprises	371.36	371.36	-	-	371.36	-	-
Debt securities	5,009.41	5,061.40	5,061.40	-	-	-	-
Borrowings (other than debt securities)	20,444.46	22,775.45	4,306.12	1,692.98	9,081.20	7,695.15	-
Other financial liabilities	1,870.87	2,317.44	37.95	84.33	351.96	1,756.90	86.30

\* Moratorium status for the months of April 20 and May 20 has been taken as on the date of signing the financial statement.

#### Undiscounted cash flows by contractual maturities for financial assets and financial liabilities as at March 31, 2019 :

Particulars	Carrying Amount	Gross nominal	Not later than one month	Later than one month and not later than three months	later than three months and not later than one year	later than one year and not later than five year	later than five years
<b>Financial assets (Inflow) :</b>							
Cash and cash equivalents	32,086.98	32,169.48	31,149.04	1,020.44	-	-	-
Bank balance other than cash and cash equivalents	13,654.98	13,868.03	4,098.57	2,559.18	7,210.28	-	-
Trade receivables	232.00	232.00	-	232.00	-	-	-
Loans	7,889.47	9,817.73	264.29	1,708.79	2,645.12	4,161.98	1,037.55
Investments	10,678.86	10,678.86	10,678.86	-	-	-	-
Other financial assets	18,330.48	18,330.48	-	-	18,165.16	159.83	5.49
<b>Financial liabilities (outflow) :</b>							
Payables							
(A) Trade payables							
(i) total outstanding dues of creditors other than micro enterprises and small enterprises	90.50	90.50	3.04	87.46	-	-	-
(B) Other payables							
(i) total outstanding dues of creditors other than micro enterprises and small enterprises	501.26	501.26	-	501.26	-	-	-
Borrowings (other than debt securities)	973.60	1,197.42	0.96	19.17	326.67	850.62	-
Other financial liabilities	1,767.52	2,381.07	36.49	72.97	330.08	1,776.28	165.25



## Notes forming part of the financial statement for the year ended 31<sup>st</sup> March 2020 (contd.)

### 46. Financial risk management (Continued)

#### Undiscounted cash flows by contractual maturities for financial assets and financial liabilities as at April 01, 2018 :

Particulars	Carrying Amount	Gross nominal	Not later than one month	Later than one month and not later than three months	later than three months and not later than one year	later than one year and not later than five year	later than five years
<b>Financial assets (Inflow) :</b>							
Cash and cash equivalents	0.87	0.87	0.87	-	-	-	-
Investments	4,220.74	4,220.74	-	-	4,220.74	-	-
<b>Financial liabilities (outflow) :</b>							
Payables							
(A) Trade payables							
(l) total outstanding dues of creditors other than micro enterprises and small enterprises	0.64	0.64	-	0.64	-	-	-

#### Undiscounted cash flows by contractual maturities for off Balance sheet items as at March 31, 2020 :

Particulars	Carrying Amount	Gross nominal	Less than one year	Between 1 - 5 years	over 5 years
Loan commitments (outflow)	-	593.06	593.06	-	-
Capital commitments (outflow)	-	188.12	188.12	-	-

#### Undiscounted cash flows by contractual maturities for off Balance sheet items as at March 31, 2019 :

Particulars	Carrying Amount	Gross nominal	Less than one year	Between 1 - 5 years	over 5 years
Loan commitments (outflow)	-	1,483.10	1,483.10	-	-
Capital commitments (outflow)	-	306.79	306.79	-	-
Other financial facilities (inflow)	-	1,000.00	1,000.00	-	-

#### Undiscounted cash flows by contractual maturities for off Balance sheet items as at April 01, 2018 :

Particulars	Carrying Amount	Gross nominal	Less than one year	Between 1 - 5 years	over 5 years
Loan commitments	-	-	-	-	-
Other financial facilities	-	-	-	-	-
Capital commitments	-	-	-	-	-

The Company has disclosed below information as stated in RBI/2019-20/88 DOR.NBFC (PD) CC.No.102/O3.10.001/2019-20 dated november 04, 2019 that enables market participants to make an informed judgment about the soundness of its liquidity risk management framework and liquidity position.

#### (i) Funding concentration based on significant counterparty (both deposits and borrowings) :

The Company is a non deposit taking non banking finance company (NBFC). The Company had not invested in any public deposit.

#### (ii) Top 20 large deposits (amount in ₹ lacs and % of total deposits) :

The Company is a non deposit taking non banking finance company (NBFC).

## Notes forming part of the financial statement for the year ended 31<sup>st</sup> March 2020 (contd.)

### 46. Financial risk management (Continued)

#### (iii) Top 10 borrowings (amount in ₹ lacs and % of total borrowings) :

Particulars	As at March 31, 2020	As at March 31, 2019
Total borrowing from ten largest lenders	25,688.75	1,000.00
Percentage of borrowing from ten largest lenders to total borrowing of the Company	100%	100%

The amount considered above excludes unmortised borrowing cost.

#### (iv) Funding concentration based on significant instrument / product :

Sr No.	Name of instrument / product	As at March 31, 2020		As at March 31, 2019	
		Amount	% of total liabilities	Amount	% of total liabilities
1	Term loans facilities	13,216.88	51%	1,000.00	100%
2	Cash credit / overdraft facilities	3,236.71	13%	-	-
3	Non convertible debenture	5,000.00	19%	-	-
4	From liabilities arising out of securitization transactions resulting into recording of borrowings	4,235.17	17%	-	-
5	Commercial paper	-	-	-	-
<b>Total</b>		<b>25,688.76</b>	<b>100%</b>	<b>1,000.00</b>	<b>100%</b>

#### (v) Stock Ratios :

##### (a) Commercial papers as a % of total public funds, total liabilities and total assets :

The Company had not borrowed through commercial paper in current and previous year.

##### (b) Non-convertible debentures (original maturity of less than one year) as a % of total public funds, total liabilities and total assets :

The Company does not have borrowing through non-convertible debentures (original maturity of less than one year) in current and previous year. Put option is exercisable in every 3 months by the debenture holder.

##### (c) Other short term borrowings, if any as a % of total public funds, total liabilities and total assets :

Particulars	As at March 31, 2020			As at March 31, 2019		
	% of total public funds	% of total liabilities	% of total assets	% of total public funds	% of total liabilities	% of total assets
Cash credit / overdraft facilities	3.51%	11.13%	2.67%	-	-	-

The amount considered above excludes unmortised borrowing cost.

Total public funds comprises of total equity.

### C. Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates. The Company does not have any direct exposure to foreign currency.

The Company primarily deploy funds in bank deposits and liquid debt securities as a part of its liquidity management approach. The Company regularly reviews its average borrowing / lending cost including proportion of fixed and floating rate borrowings / loans so as to manage the impact of changes in interest rates.

#### Exposure to price risk :

The Company's exposure to price risk arises from investment held by the Company and is classified in the balance sheet through fair value through profit and loss account.

## Notes forming part of the financial statement for the year ended 31<sup>st</sup> March 2020 (contd.)

### 46. Financial risk management (Continued)

#### Sensitivity :

The table below summarises the impact of increases / decreases of the NAV Company's investment of mutual fund schemes on profit for the period.

Sensitivity :	Impact on statement of profit and loss	
	For the year ended	
	As at March 31, 2020	As at March 31, 2019
Liquid plus scheme - NAV rate - increase by 0.50% respectively at the reporting period *	25.74	51.26
Liquid plus scheme - NAV rate - decrease by 0.50% respectively at the reporting period *	(25.74)	(51.26)
Liquid scheme - NAV rate - increase by 1% and 0.30% respectively at reporting period *	21.03	1.28
Liquid scheme - NAV rate - decrease by 1% and 0.30% respectively at reporting period*	(21.03)	(1.28)

\* Impact on statement of profit and loss up to 1 year, holding all other variables constant.

#### Interest rate risk :

Interest rate risk is the risk where changes in market interest rates might adversely affect the Company's financial conditions. The interest rate risk can be viewed from below two perspectives :

- Earnings perspective - change in net interest income (NII) or net interest margin (NIM) due to change in interest rate.
- Economic value perspective - change in market value of the company due to change in the company's assets, liabilities and off balance sheet positions due to variation in interest rate.

The board has established limits on the interest rate gaps for stipulated periods. The management monitors these gaps on a regular basis to ensure positions are maintained within the established limits.

The exposure of the Company's borrowing to interest rate changes at the end of the reporting period are as follows :

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Variable rate borrowings	16,453.58	1,000.00	-
Fixed rate borrowings	9,235.17	-	-
<b>Total borrowings</b>	<b>25,688.75</b>	<b>1,000.00</b>	<b>-</b>

The Company had the following variable rate borrowings outstanding :

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Weighted average cost	11.43%	11.50%	-
Outstanding balance (excluding other borrowing cost)	16,453.58	1,000.00	-
<b>% of total borrowings</b>	<b>64.05%</b>	<b>100%</b>	<b>-</b>

#### Sensitivity : Impact on profit or loss

Particulars	Impact on profit or loss	
	For the year ended March 31, 2020	For the year ended March 31, 2019
*Interest rate - increase by 1%	84.94	8.35
*Interest rate - decrease by 1%	(84.94)	(8.35)

\* Impact on statement of profit and loss up to 1 year, holding all other variables constant.

## Notes forming part of the financial statement for the year ended 31<sup>st</sup> March 2020 (contd.)

### 46. Financial risk management (Continued)

#### D. Operational risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to operate effectively, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Company cannot expect to eliminate all operational risks, but it endeavors to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include maker-checker controls, effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, such as the use of internal audit. During the year, the the Company has not come across any instances of fraud.

#### Capital Management :

Company's capital management objective is primarily to safeguard business continuity. The Company's capital raising policy is aligned to macro economic situation and incidental risk factors. The Company's cashflows are regularly monitored in sync with annual operating plans and long-term and other strategic investment plans. The operational funding requirements are met through debt and operating cash flows generated. The company believes this approach would create shareholder value in long run. Also, the company has adopted a conservative approach for ALM management with primacy to adequate liquidity. At present a large portion of the company's resource base is equity. Therefore the company enjoys a low gearing.

The Company maintains its capital structure in line with economic conditions and the risk characteristics of its activities and the board reviews the capital position on a regular basis.

#### Gearing ratio :

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
<b>The gearing ratio at each date were as follows :</b>			
*Debt (I)	26,999.42	2,705.75	-
Cash and bank balances (II) (refer note 3)	874.64	32,086.98	0.87
<b>Net debt (I - II)</b>	<b>26,124.78</b>	<b>(29,381.23)</b>	<b>(0.87)</b>
<b>Total equity</b>	<b>92,152.36</b>	<b>83,289.56</b>	<b>4,085.05</b>
<b>Net debt to equity ratio</b>	<b>0.28</b>	<b>NA**</b>	<b>NA**</b>

\* Debt includes debt securities, borrowings and lease liabilities.

\*\* The Company had not borrowed much in earlier years as compared to financial year 2019-20 and also in earlier years the Company had deployed funds in fixed deposits of short term nature as compared to financial year 2019-20, hence the ratios are not comparable.

### 47. Details of all collateral used as security for liabilities

Particulars	Carrying amount of financial assets pledged		
	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
<b>Assets type</b>			
Loans receivable as collateral under lending agreements	22,131.21	2,221.83	-
Loans receivable as collateral under PTC agreements	324.92	-	-
Cash collateral under lending agreements	400.00	-	-
Fixed deposit (original maturity between 3 to 12 months) as collateral for liabilities arising out of securitization transactions resulting into recording of borrowings	312.00	-	-
Fixed deposit (original maturity more than 12 months) as collateral for liabilities arising out of securitization transactions resulting into recording of borrowings	275.00	-	-

## Notes forming part of the financial statement for the year ended 31<sup>st</sup> March 2020 (contd.)

### 48. Income tax

**Table A The major components of tax expense for the year ended March 31, 2020 and March 31, 2019 :**

Sr.	Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
	<b>Statement of profit and loss :</b>		
(a)	<b>(i) Profit and loss section :</b>		
	<b>Current income tax :</b>		
	Tax for current year as per minimum alternate tax	296.31	147.14
	<b>Deferred tax :</b>		
	Tax expense on origination and reversal of temporary differences	(1,916.38)	(387.06)
	<b>Income tax expense reported in the statement of profit and loss</b>	<b>(1,620.07)</b>	<b>(239.92)</b>
(b)	<b>Other comprehensive income (OCI) section :</b>		
	<b>Current income tax :</b>		
	Net loss on remeasurement of defined benefit obligations	-	-
	<b>Deferred tax :</b>		
	Net loss on remeasurement of defined benefit obligations	(0.01)	(0.06)
	<b>Income tax expense reported in the OCI section</b>	<b>(0.01)</b>	<b>(0.06)</b>

**Table B Reconciliation of effective tax rate :**

Sr.	Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
1	<b>Profit before tax (PBT)</b>	331.79	154.72
2	Applicable tax rate*	27.82%	27.82%
3	PBT * applicable tax rate (1*2)	92.30	43.04
4(a)	<b>Add : Provisions and contingencies not allowed under income tax</b>		
(i)	Provision for impairment losses on financial instruments	284.71	6.78
(ii)	Provision for gratuity	8.70	5.97
(iii)	Provision for compensated absences	27.71	13.19
4(b)	<b>Add: Non deductible expense under income tax</b>		
(i)	Interest on TDS / penalty	0.14	0.01
(ii)	Provision for share based payments to employees	180.48	-
(iii)	Lease rentals expense under IndAS 116	27.00	29.24
(iv)	Preliminary expense disallowed (gross)	-	20.22
(v)	Others	0.99	0.02
4(c)	<b>Less : Income not chargeable under income tax</b>		
(i)	Dividend income	(4.84)	(14.03)
(ii)	Booking of unrealised gain	(34.48)	(2.35)
(iii)	Capital gain on tax free bonds	-	(41.05)
4(d)	<b>Add : Income chargeable under income tax</b>		
(i)	Upfront booking of processing fees collected on loans	172.51	22.56
4(e)	<b>Less : Tax deductible expenses</b>		
(i)	Tax benefit of preliminary expense	(5.05)	(5.05)
(ii)	Upfront booking of borrowing expenses	(138.11)	-
(iii)	Upfront booking of loan sourcing cost	(268.19)	(7.29)
(iv)	Depreciation of property, plant and equipment and intangible assets	(19.84)	(3.66)
4(f)	<b>Less : Brought forward tax losses under income tax</b>		
	Brought forward tax losses set off during the year	(324.03)	67.60
5	Add :Tax for current year as per minimum alternate tax	296.31	147.14
6	Less :Unutilised minimum alternate tax credit entitlement	(296.31)	(147.14)
7	<b>Tax expense recognised during the year (Total 1 to 6)</b>	-	-
8	Effective tax rate	-	-

\* The applicable tax is the rate prescribed under the Income - tax Act, 1961.

## Notes forming part of the financial statement for the year ended 31<sup>st</sup> March 2020 (contd.)

**Table C Components of deferred tax assets and liabilities recognised in the balance sheet and statement of profit and loss :**

Particulars	Balance Sheet			Statement of profit and loss and other comprehensive income	
	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>Deferred tax assets (DTA)</b>					
Provision for compensated absences	40.90	13.19	-	27.71	13.19
Provision for gratuity	14.66	5.97	-	8.69	5.97
Others	1.54	0.55	-	0.99	0.55
Deferred revenue income – processing fees allowed upfront in income tax	195.07	22.56	-	172.51	22.56
Provision for impairment losses on financial instruments	291.50	6.78	-	284.71	6.78
Lease rentals expense under IndAS 116	56.23	29.07	-	27.16	29.07
Preliminary expense (gross)	15.16	20.22	-	(5.05)	20.22
ESOS expenses disallowance	180.48	-	-	180.48	-
Unutilised minimum alternate tax credit entitlement	443.45	147.14	-	296.31	147.14
Income tax losses carried forward	1,391.00	-	-	1,391.00	-
<b>Total (A)</b>	<b>2,629.99</b>	<b>245.48</b>	<b>-</b>	<b>2,384.51</b>	<b>245.48</b>
<b>Deferred tax liabilities (DTL)</b>					
Difference in written down value of property, plant and equipment and intangible assets	23.26	3.42		19.84	3.42
Unrealised gain / (loss) on investments	36.83	2.35	147.07	34.48	(144.72)
Prepaid fees / charges on debt securities allowed upfront in income tax	10.70	-	-	10.70	-
Prepaid fees / charges on borrowings allowed upfront in income tax	127.41	(7.52)	-	134.93	(7.52)
Deferred loan sourcing cost allowed upfront income tax	275.48	7.29	-	268.19	7.29
<b>Total (B)</b>	<b>473.68</b>	<b>5.54</b>	<b>147.07</b>	<b>468.14</b>	<b>(141.52)</b>
<b>Deferred tax asset / (liability)</b>	<b>(2,156.31)</b>	<b>(239.94)</b>	<b>147.07</b>	<b>-</b>	<b>-</b>
<b>Deferred tax expense / (benefit)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,916.37)</b>	<b>(387.00)</b>

**Unrecognised deductible temporary differences, unused tax losses and unused tax credits :**

**Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognised are attributable to the following :**

Particulars	As at March 31, 2020
<b>Income tax losses :</b>	
AY 2015-16 (Expiry - AY 2023-24)	3,573.56
AY 2016-17 (Expiry - AY 2024-25)	2,372.92
AY 2017-18 (Expiry - AY 2025-26)	0.11



## Notes forming part of the financial statement for the year ended 31<sup>st</sup> March 2020 (contd.)

### 49. First time adoption of IndAS

The company has prepared opening balance sheet as per IndAS of April 01, 2018 (transition date) by recognising all assets and liabilities whose recognition is required by IndAS, derecognising items of assets or liabilities which are not permitted to be recognised by IndAS, reclassifying items from Previous GAAP to IndAS as required, and applying IndAS to measure the recognised assets and liabilities. The exemptions availed by the company under IndAS 101 are as follows :

- The company has adopted the carrying value determined in accordance with previous GAAP for all of its assets and deemed cost of such assets at the transition date.
- The estimates as at April 01, 2018 and at March 31, 2019 are consistent with those made for the same dates in accordance with previous GAAP.
- Statement of reconciliation of equity under IndAS and equity reported under previous GAAP :**

Particulars	As at March 31, 2019	As at April 1, 2018
<b>Total equity / shareholders funds as per Indian GAAP</b>	<b>63,775.02</b>	<b>3,703.48</b>
<b>Adjustment on account of asset acquisition (refer note 44)</b>	<b>18,252.72</b>	<b>-</b>
Increase in cash and cash equivalents on account of issue of share capital and securities premium on account of assets acquisition	13,500.00	-
Increase in cash and cash equivalents on account of assets acquisition	665.16	-
Increase in indemnified assets	4,000.00	-
Increase in current tax assets on account of acquisition	87.56	-
<b>Summary of IndAS Adjustments :</b>		
EIR adjustment on loans as per IndAS 109	(78.26)	-
Impact of measuring investments at fair value through profit or loss (FVTPL)	8.44	528.64
Provision for expected credit loss as per IndAS 109	7.54	-
Impact of recognition of right of use asset and lease liability as per IndAS 116 (Leases)	(104.49)	-
Discounting of Financial Assets as per IndAS 109	(2.12)	-
Reclassification of compulsory convertible debentures into equity as per IndAS 32	1,383.73	-
Tax Adjustments on above items	46.98	(147.07)
<b>Total IndAS adjustments</b>	<b>19,514.54</b>	<b>381.57</b>
<b>Total equity as per IndAS</b>	<b>83,289.56</b>	<b>4,085.05</b>

- Statement of reconciliation of total comprehensive income under IndAS and Profit after tax (PAT) reported under previous GAAP :**

Particulars	As at March 31, 2019
<b>Net profit as per previous GAAP</b>	<b>145.55</b>
<b>Adjustments on accounting for asset acquisition</b>	
Interest income on fixed deposits	778.13
Gain on sale of mutual funds	29.57
Employee benefits expenses	(5.45)
Other expenses	(59.28)
Tax adjustments	9.75
<b>Net profit after tax after accounting for asset acquisition</b>	<b>898.27</b>

## Notes forming part of the financial statement for the year ended 31<sup>st</sup> March 2020 (contd.)

Particulars	As at March 31, 2019
<b>IndAS Adjustments</b>	
EIR adjustment on loans as per IndAS 109	(78.26)
Fair valuation of financial assets as per IndAS 109	(2.12)
Impact of measuring investments at fair value through profit or loss (FVTPL)	(520.20)
Impact of recognition of right of use asset and lease liability as per IndAS 116 (Leases)	(104.49)
Provision for expected credit loss as per IndAS 109	7.54
Transfer of Actuarial gain to other comprehensive income (net of tax)	(0.15)
Tax adjustments on above	194.05
<b>Total IndAS adjustments</b>	<b>394.64</b>
Other comprehensive income (net of tax)	0.15
<b>Total income as per IndAS</b>	<b>394.79</b>

### e. Statement of reconciliation of cash flow statement under IndAS and cash flow statement reported under previous GAAP:

Particulars	Previous GAAP	Adjustments	Adjustments on account for asset acquisition	Ind AS
Net cash used in operating activities (A)	(9,554.59)	287.71	635.60	(8,631.28)
Net cash used in investing activities (B)	(20,549.80)	(18.05)	(14,135.60)	(34,703.45)
Net cash generated from financing activities (C)	62,009.69	(88.85)	13,500.00	75,420.84
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>31,905.30</b>	<b>180.81</b>	<b>-</b>	<b>32,086.11</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>0.87</b>	<b>-</b>	<b>-</b>	<b>0.87</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>31,906.17</b>	<b>180.81</b>	<b>-</b>	<b>32,086.98</b>

### The major adjustment on account of IndAS can be summarized below :

- The Company has branches on rental basis across eight states. The MCA has issued new standard on lease which is applicable from April 01, 2019. The Company has to record lease assets and lease liability. These resulted in overall expense of ₹ 104.48 lacs consisting of Interest on lease liability and depreciation on right to use assets.
- The Company has restated its investment held in books as at April 01, 2018 on fair value basis resulting in recording of fair value gain of ₹ 520 lacs. During the FY 2018-19 there is reversal of ₹ 520 lacs fair value gain on account of actual realisation.
- The Company has to record interest income on loans based on EIR model as per standard issued by the MCA. These resulted in reversal of Processing income of ₹ 82 lacs and reversal of expense of ₹ 3.73 lacs. Under EIR model, the Company has recorded income using EIR which is based on loan cash flow including loan origination income and expense.

### 50. Fair value of financial instruments :

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions, regardless of whether that price is directly observable or estimated using a valuation technique.

IndAS 107, 'Financial Instrument - Disclosure' requires classification of the valuation method of financial instruments measured at fair value in the balance Sheet, using a three level fair-value-hierarchy (which reflects the significance of inputs used in the measurements). The hierarchy gives the highest priority to un-adjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair-value-hierarchy under Ind AS 107 are described below:

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and place limited reliance on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level. This is the case for unlisted equity securities included in level 3.

## Notes forming part of the financial statement for the year ended 31<sup>st</sup> March 2020 (contd.)

### a) Fair value hierarchy of financial instruments classified in amortised cost category :

Particulars	Fair value as on March 31, 2020			Carrying value as on March 31, 2020	Fair Value as on March 31, 2019			Carrying value as on March 31, 2019	Fair Value as on April 1, 2018			Carrying value as on April 1, 2018
	Level 1	Level 2	Level 3		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3	
<b>Assets</b>												
Cash and cash equivalents	-	874.64	-	874.64	-	32,086.98	-	32,086.98	-	0.87	-	0.87
Bank balances other than cash and cash equivalents	-	321.97	-	321.97	-	13,654.98	-	13,654.98	-	-	-	-
Trade receivables	-	657.93	-	657.93	-	232.00	-	232.00	-	-	-	-
Loans	-	-	85,074.47	83,238.19	-	-	9,107.74	7,889.47	-	-	-	-
Other financial assets	-	22,097.49	-	22,097.49	-	18,330.48	-	18,330.48	-	-	-	-
<b>Total</b>	<b>-</b>	<b>23,952.03</b>	<b>85,074.47</b>	<b>107,190.22</b>	<b>-</b>	<b>64,304.44</b>	<b>9,107.74</b>	<b>72,193.91</b>	<b>-</b>	<b>0.87</b>	<b>-</b>	<b>0.87</b>
<b>Liabilities</b>												
Payables												
(A) Trade payables												
(i) total outstanding dues of micro enterprises and small enterprises	-	10.14	-	10.14	-	-	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	1,039.00	-	1,039.00	-	90.50	-	90.50	-	0.64	-	0.64
(B) Other payables												
(i) total outstanding dues of creditors other than micro enterprises and small enterprises		371.36	-	371.36		501.26		501.26		-		-
Debt securities	-	5,009.41	-	5,009.41	-	-	-	-	-	-	-	-
Borrowings	-	21,051.81	-	20,444.46	-	1,028.72	-	973.60	-	-	-	-
Other financial liabilities	-	1,870.87	-	1,870.87	-	1,767.52	-	1,767.52	-	-	-	-
<b>Total</b>	<b>-</b>	<b>29,352.59</b>	<b>-</b>	<b>28,745.24</b>	<b>-</b>	<b>3,388.00</b>	<b>-</b>	<b>3,332.88</b>	<b>-</b>	<b>0.64</b>	<b>-</b>	<b>0.64</b>

There were no transfers between Level 1 and Level 2 during the year.

### Valuation methodologies of financial instruments not measured at fair value :

#### Short-term financial assets and liabilities :

For financial assets and financial liabilities that have a short-term nature, the carrying amounts, which are net of impairment, are a reasonable approximation of their fair value. Such instruments include: cash and bank balances, trade receivables, other receivables, balances other than cash and cash equivalents, payables, debt securities, other financial assets and other financial liabilities.

#### Loans and advances to customers :

The fair values of loans and receivables are calculated using a portfolio-based approach, grouping loans as far as possible into homogenous groups based on similar characteristics. The fair value is then extrapolated to the portfolio using discounted cash flow models that incorporate interest rate estimates considering all significant characteristics of the loans.

## Notes forming part of the financial statement for the year ended 31<sup>st</sup> March 2020 (contd.)

Impairment loss allowance and adjustments related to effective interest rate are not part of above disclosure. Moratorium status for the months of April 20 and May 20 has been taken as on the date of signing the financial statement.

### Borrowings :

The fair values of these instruments are estimated by determining the price of the instrument taking into consideration the origination date, maturity date, coupon rate, actual or approximation of frequency of interest payments and incorporating the actual or estimated / proxy yields of identical or similar instruments through the discounting factor. For instruments, having contractual residual maturity less than one year, the carrying value has been considered as fair value.

### b) Fair value hierarchy of financial instruments classified in FVTPL category :

Particulars	Fair value as on March 31, 2020			Carrying value as on March 31, 2020	Fair Value as on March 31, 2019			Carrying value as on March 31, 2019	Fair Value as on April 1, 2018			Carrying value as on April 1, 2018
	Level 1	Level 2	Level 3		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3	
<b>Assets</b>												
Investments in mutual funds	7,250.81	-	-	7,250.81	10,678.86	-	-	10,678.86	4,220.74	-	-	4,220.74
<b>Total</b>	<b>7,250.81</b>	<b>-</b>	<b>-</b>	<b>7,250.81</b>	<b>10,678.86</b>	<b>-</b>	<b>-</b>	<b>10,678.86</b>	<b>4,220.74</b>	<b>-</b>	<b>-</b>	<b>4,220.74</b>

There were no transfers between Level 1 and Level 2 during the year.

### Valuation methodologies of financial instruments measured at fair value :

Mutual Funds are measured based on the published net asset value (NAV) by AMFI and are classified as level 1.

### 51. Maturity profile of assets and liabilities :

Particulars	As at March 31, 2020			As at March 31, 2019			As at April 01, 2018		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
<b>Assets :</b>									
<b>Financial assets :</b>									
Cash and cash equivalents	874.64	-	874.64	32,086.98	-	32,086.98	0.87	-	0.87
Bank balance other than cash and cash equivalents	321.97	-	321.97	13,654.98	-	13,654.98	-	-	-
Trade receivables	657.93	-	657.93	232.00	-	232.00	-	-	-
Loans	33,522.09	49,716.10	83,238.19	3,792.31	4,097.16	7,889.47	-	-	-
Investments	7,250.81	-	7,250.81	10,678.86	-	10,678.86	4,220.74	-	4,220.74
Other financial assets	12,210.47	9,887.02	22,097.49	18,165.16	165.32	18,330.48	-	-	-
<b>Non-financial assets :</b>									
Current tax assets (net)	143.72	-	143.72	149.07	-	149.07	11.25	-	11.25
Deferred tax asset (net)	-	2,156.31	2,156.31	-	239.94	239.94	-	-	-
Property, plant and equipment	-	586.82	586.82	-	391.13	391.13	-	-	-
Right of use asset	-	1,344.01	1,344.01	-	1,627.66	1,627.66	-	-	-
Intangible assets under development	-	93.96	93.96	-	1,086.58	1,086.58	-	-	-
Other intangible assets	-	1,839.34	1,839.34	-	-	-	-	-	-
Other non-financial assets	566.18	74.88	641.06	388.52	91.98	480.50	-	-	-
<b>Total</b>	<b>55,547.81</b>	<b>65,698.44</b>	<b>121,246.25</b>	<b>79,147.88</b>	<b>7,699.77</b>	<b>86,847.65</b>	<b>4,232.86</b>	<b>-</b>	<b>4,232.86</b>

## Notes forming part of the financial statement for the year ended 31<sup>st</sup> March 2020 (contd.)

Particulars	As at March 31, 2020			As at March 31, 2019			As at April 01, 2018		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
<b>Liabilities :</b>									
<b>Financial liabilities :</b>									
(A) Trade payables									
(i) total outstanding dues of micro enterprises and small enterprises	10.14	-	10.14	-	-	-	-	-	-
(ii) total outstanding dues of micro enterprises other than micro enterprises and small enterprises	921.79	117.21	1,039.00	90.50	-	90.50	0.64	-	0.64
(B) Other payables									
(i) total outstanding dues of creditors other than micro enterprises and small enterprises	371.36	-	371.36	501.26	-	501.26	-	-	-
Debt securities	5,009.41	-	5,009.41	-	-	-	-	-	-
Borrowings (other than debt securities)	13,464.32	6,980.14	20,444.46	234.32	739.28	973.60	-	-	-
Other financial liabilities	303.99	1,566.88	1,870.87	246.23	1,521.29	1,767.52	-	-	-
<b>Non-financial liabilities :</b>									
Provisions	31.39	168.33	199.72	47.52	21.35	68.87	-	-	-
Deferred tax liabilities (net)	-	-	-	-	-	-	-	147.07	147.07
Other non-financial liabilities	148.93	-	148.93	156.34	-	156.34	0.10	-	0.10
<b>Total</b>	<b>20,261.33</b>	<b>8,832.56</b>	<b>29,093.89</b>	<b>1,276.17</b>	<b>2,281.92</b>	<b>3,558.09</b>	<b>0.74</b>	<b>147.07</b>	<b>147.81</b>

### 52. Disclosure pursuant to IndAS 7 'statement of cash flows' - changes in liabilities arising from financing activities :

Particulars	As at April 01, 2019	Cash inflow / (outflow)	Creation of right of use assets	As at March 31, 2020
<b>Debt securities</b>	-	5,009.41	-	5,009.41
<b>Borrowings (other than debt securities)</b>	973.60	19,470.86	-	20,444.46
<b>Other financial liabilities</b>				
Unclaimed dividend payable on equity shares	1.52	(0.09)	-	1.43
Collateral margin money received	33.85	185.96	-	219.81
Deferred consideration on direct assignment	-	95.63	-	95.63
Lease liabilities	1,732.15	(246.98)	60.38	1,545.55
Other payables	-	8.45	-	8.45

## Notes forming part of the financial statement for the year ended 31<sup>st</sup> March 2020 (contd.)

### 53. Financial assets are transferred but not derecognised in their entirety :

Particulars	As at March 31, 2020		As at March 31, 2019		As at April 01, 2018	
	Financial assets at amortised cost	Financial assets at FVTPL	Financial assets at amortised cost	Financial assets at FVTPL	Financial assets at amortised cost	Financial assets at FVTPL
Carrying amount of Assets	4,560.09	-	-	-	-	-
Carrying amount of associated Liabilities	4,235.17	-	-	-	-	-
<b>For those liabilities that have recourse only to the transferred financial assets</b>						
Fair value of assets (A)	4,852.13	-	-	-	-	-
Fair value of associated liabilities (B)	4,282.84	-	-	-	-	-
<b>Net Position (C) = (A - B)</b>	<b>569.29</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

54. Disclosures as required by the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 issued by the Reserve Bank of India ("RBI") vide their Notification No. RBI/DNBR/2016-17/45 Master Direction DNBR. PD. 008/O3.10.119/2016-17 dated September 1, 2016 (the "Notification"), as updated from time to time.

#### a. Capital to risk assets ratio (CRAR)

Sr No.	Particulars	As at March 31, 2020	As at March 31, 2019
i)	CRAR (%)	88.25	213.55*
ii)	CRAR - Tier I capital (%)	88.07	213.40*
iii)	CRAR - Tier II capital (%)	0.18	0.15*
iv)	Amount of subordinated debt raised as Tier-II capital	-	-
v)	Amount raised by issue of perpetual debt instruments	-	-

\* The % calculated based on the previous return filed with RBI based on IGAAP.

#### b. Investments

Sr No.	Particulars	As at March 31, 2020	As at March 31, 2019
(1)	Value of investments		
	(i) Gross value of investments		
	(a) In India	7,250.81	10,678.86
	(b) Outside India,	-	-
	(ii) Provisions for depreciation		
	(a) In India	-	-
	(b) Outside India,	-	-
	(iii) Net value of investments		
	(a) In India	7,250.81	10,678.86
	(b) Outside India,	-	-
(2)	Movement of provisions held towards depreciation on investments.		
	(i) Opening balance	-	-
	(ii) Add : provisions made during the year	-	-
	(iii) Less : write-off / write-back of excess provisions during the year	-	-
	(iv) Closing balance	-	-



## Notes forming part of the financial statement for the year ended 31<sup>st</sup> March 2020 (contd.)

### c. Derivatives

During the current and previous year, the Company has not entered into any derivative contract and at the year end there is no outstanding derivative contract. Therefore, disclosures pertaining to derivatives are not applicable.

### d. Disclosures relating to securitization

#### Details of securitization :

Sr No.	Particulars	As at March 31, 2020	As at March 31, 2019
1	No of SPVs sponsored by the applicable NBFC for securitization transactions*	2	-
2	Total amount of securitized assets as per books of the SPVs sponsored	4,560.09	-
3	Total amount of exposures retained by the applicable NBFC to comply with MRR as on the date of balance sheet		
	a. Off - balance sheet exposures		
	First loss	-	-
	Others	-	-
	b. On - balance sheet exposures		
	First loss	324.92	-
	Others	-	-
4	Amount of exposures to securitization transactions other than MRR		
	a. Off - balance sheet exposures		
	i) Exposure to own securitizations		
	First loss	-	-
	Others	-	-
	ii) Exposure to third party securitization		
	First loss	-	-
	Others	-	-
	a. On - balance sheet exposures		
	i) Exposure to own securitizations		
	First loss	587.00	-
	Others	-	-
	ii) Exposure to third party securitization		
	First loss	-	-
	Others	-	-

\*Only the SPVs relating to outstanding securitization transactions.

#### Details of financial assets sold to securitization / reconstruction company for assets reconstruction :

During the current and previous year, the Company has not entered into any sale of financial assets to any securitization / reconstruction company for assets reconstruction. Therefore, disclosures pertaining to it are not applicable.

#### Details of assignment transactions undertaken with other NBFCs :

During the current and previous year, the Company has not entered into any assignment transaction for sale of financial assets. Therefore, disclosures pertaining to it are not applicable.

#### Details of non-performing financial assets purchased / sold :

During the current and previous year the Company has not entered into any purchase or sale of any non performing financial assets. Therefore disclosures pertaining to it are not applicable.

## Notes forming part of the financial statement for the year ended 31<sup>st</sup> March 2020 (contd.)

e. Asset liabilities management maturity pattern of certain items of asset and liabilities (at book values) as at March 31, 2020 as follow :

Particulars	1 to 7 days	8 to 14 days	Over 14 days to one month	Over 1 month & upto 2 Months	Over 2 months & upto 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
<b>Assets</b>											
Advances*	932.61	237.60	401.52	717.00	12,803.81	9,199.10	10,028.52	23,657.77	7,689.50	19,110.88	84,778.31
Investments	7,250.81	-	-	-	-	-	-	-	-	-	7,250.81
<b>Liabilities</b>											
<b>Borrowings :</b>											
Borrowings from banks and financial Institutions	3,343.15	285.54	563.43	666.57	715.57	2,505.33	5,580.24	7,093.69	-	-	20,753.52
Market borrowings	45.68	5,000.00	-	-	-	-	-	-	-	-	5,045.68

\*Impairment loss allowance of ₹ 1,047.80 lacs and adjustments related to effective interest rate are not part of above disclosure. Moratorium status for the months of April 20 and May 20 has been taken as on the date of signing the financial statement.

Asset liabilities management maturity pattern of certain items of asset and liabilities (at book values) as at March 31, 2019 as follow :

Particulars	1 to 7 days	8 to 14 days	Over 14 days to one month	Over 1 month & upto 2 Months	Over 2 months & upto 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
<b>Assets</b>											
Advances*	98.88	-	96.49	707.12	833.10	674.95	1,420.09	3,033.34	289.33	810.72	7,964.02
Investments	10,678.86	-	-	-	-	-	-	-	-	-	10,678.86
<b>Liabilities</b>											
<b>Borrowings :</b>											
Borrowings from banks and financial Institutions	-	-	-	-	-	83.97	166.67	666.67	83.33	-	1,000.64
Market borrowings	-	-	-	-	-	-	-	-	-	-	-

\*Impairment loss allowance of ₹ 24.38 lacs and adjustments related to effective interest rate are not part of above disclosure.

## Notes forming part of the financial statement for the year ended 31<sup>st</sup> March 2020 (contd.)

### f. Exposures :

Category	As at March 31, 2020	As at March 31, 2019
<b>a) Exposure to real estate sector :</b>		
<b>Direct exposure</b>		
(i) <b>Residential mortgages :</b>		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	34,669.33*	14.05
(ii) <b>Commercial real estate :</b>		
Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure shall also include non-fund based limits.	-	-
(iii) <b>Investments in mortgage backed securities (MBS) and other securitised exposures:</b>		
a. Residential	-	-
b. Commercial real estate	-	-
<b>Total exposure to real estate sector</b>	<b>34,669.33</b>	<b>14.05</b>

\* These include properties held as underlying security

Particulars	As at March 31, 2020	As at March 31, 2019
<b>b) Exposure to capital market :</b>		
(i) direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual fund the corpus of which is not exclusively invested in corporate debt.	-	-
(ii) advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds.	-	-
(iii) advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security.	-	-
(iv) advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances.	-	-
(v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers.	-	-
(vi) loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources.	-	-
(vii) bridge loans to companies against expected equity flows / issues.	-	-
(viii) all exposures to venture capital funds (both registered and unregistered).	-	-
<b>Total exposure to capital market</b>	<b>-</b>	<b>-</b>

## Notes forming part of the financial statement for the year ended 31<sup>st</sup> March 2020 (contd.)

### g. Details of financing of parent company products :

There are no parent company products which are financed by the Company during the current and previous year.

### h. Details of single borrower limit (SGL) / group borrower limit (GBL) exceeded by the Company :

Particulars	As at March 31, 2020	As at March 31, 2019
Single borrower limit (SGL) / group borrower limit (GBL) exceeded by the Company.*	-	-

\*The Company has acquired ("acquisition") from Avanse Financial services limited ("Avanse"), by way of assignment it's unsecured MSME financing business, for a consideration of ₹ 6793.97 lacs in respect of 391 loan agreements vide transaction document executed between the Company and Avanse on July 8, 2019. Due to IndAS 109 implication the same has been treated as single loan to Avanse. The Company has not exceeded exposure towards single borrower / group borrower limit.

### i. Unsecured advances :

a) Details of unsecured advances the rights, licenses, authorisations, etc. charged to the applicable NBFCs as collateral in respect of projects (including infrastructure projects) financed by the Company.

Particulars	As at March 31, 2020	As at March 31, 2019
Advances against securities of intangible assets	-	-

### j. Registration obtained from other financial sector regulators :

Particulars	As at March 31, 2020	As at March 31, 2019
-	-	-

### k. Disclosure of penalties imposed by RBI and other regulators :

Particulars	As at March 31, 2020	As at March 31, 2019
-	-	-

During the current year and the previous year, there are no penalties imposed by RBI and other regulators.

### l. Related party transactions :

Details of all material transactions with related parties has been given in note 38 of the financial statements

### m. Ratings assigned by credit rating agencies and migration of ratings during the year :

Rating agency	Type	Rating
Acuite Rating & Research Limited	Commercial paper (short term)	ACUITE A1
Acuite Rating & Research Limited	Bank loans (long term)	ACUITE A / stable
Acuite Rating & Research Limited	Non-convertible debentures (long term)	ACUITE A / stable
Acuite Rating & Research Limited	PTC (long term) for SME190930 - Series 1	Acuite A - (SO)
Acuite Rating & Research Limited	PTC (long term) for SME200130 - Series 2	Acuite AA -(SO)**

\* There is no migration in rating during the current year.

\*\* Provisional

### n. Remuneration of directors :

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Transactions with the non-executive directors</b>	141.00	87.00
Director Sitting Fees non-executive directors		

refer note 38 for remuneration to executive directors.

## Notes forming part of the financial statement for the year ended 31<sup>st</sup> March 2020 (contd.)

**o. During the year there are no changes in the accounting policies and no prior period items (refer note 1)**

**p. Provisions and contingencies :**

Particulars	As at March 31, 2020	As at March 31, 2019
Provision towards NPA	359.68	-
Provision made towards income tax	443.45	147.14
Provision for standard assets	688.12	24.36

**q. Draw down from reserves :**

During the year, the Company has not drawn down any amount from reserves.

**Concentration of deposits, advances, exposures and NPAs :**

**r. Concentration of advances :**

Particulars	As at March 31, 2020	As at March 31, 2019
Total advance to twenty largest borrowers	13,908.44	7,010.07
Percentage of advances to twenty largest borrowers to total advances of the company	16.25%	88.03%

**s. Concentration of exposures :**

Particulars	As at March 31, 2020	As at March 31, 2019
Total exposure to twenty largest borrowers	13,908.44	7,010.07
Percentage of exposures to twenty largest borrowers to total exposure of the company	16.25%	88.03%

**t. Concentration of NPAs :**

Particulars	As at March 31, 2020	As at March 31, 2019
Total Exposure to top four NPA accounts	598.06	-

**u. Sector-wise NPAs :**

Sl. No.	Sector	Percentage of NPAs to total advances in that sector	
		As at March 31, 2020	As at March 31, 2019
1	Agriculture & allied activities	-	-
2	MSME	0.96%*	-
3	Corporate borrowers	-	-
4	Services	-	-
5	Unsecured personal loans	-	-
6	Auto loans	-	-
7	Other personal loans	-	-

\*The above is based on the information and the explanation available with the Company, which have been relied upon by the statutory auditor.

## Notes forming part of the financial statement for the year ended 31<sup>st</sup> March 2020 (contd.)

### v. Movement of NPAs :

Sl. No.	Sector	Percentage of NPAs to total advances in that sector	
		As at March 31, 2020	As at March 31, 2019
(i)	Net NPAs to Net Advances (%)	0.54%	-
(ii)	Movement of NPAs (gross)		
	(a) Opening balance	-	-
	(b) Additions during the year	817.76	-
	(c) Reductions during the year	-	-
	(d) Closing balance	817.76	-
(iii)	Movement of Net NPAs		
	(a) Opening balance	-	-
	(b) Additions during the year	458.08	-
	(c) Reductions during the year	-	-
	(d) Closing balance	458.08	-
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
	(a) Opening balance	-	-
	(b) Provisions made during the year	359.68	-
	(c) Write-off / write-back of excess provisions	-	-
	(d) Closing balance	359.68	-

### w. Overseas assets (for those with joint ventures and subsidiaries abroad) :

There are no overseas assets.

### x. Off- balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms) :

There are no off-balance Sheet SPVs sponsored by the Company which are required to be consolidated as per accounting norms.

### y. Customer complaints :

Sr No.	Particulars	As at March 31, 2020	As at March 31, 2019
(a)	No. of complaints pending at the beginning of the year	Nil	Nil
(b)	No. of complaints received during the year	Nil	Nil
(c)	No. of complaints redressed during the year	Nil	Nil
(d)	No. of complaints pending at the end of the year	Nil	Nil

### z. Revenue recognition :

There are no postponement of revenue due to pending resolution of significant uncertainties.

### aa. Restructured accounts :

There are no accounts that have been restructured during the current and previous year.



## Notes forming part of the financial statement for the year ended 31<sup>st</sup> March 2020 (contd.)

### ab. Schedule to the balance sheet of a NBFC :

	Amount outstanding	Amount overdue	Amount outstanding	Amount overdue
<b>Liabilities side :</b>				
<b>1 Loans and advances availed by the non- banking financial company inclusive of interest accrued thereon but not paid :</b>				
a Debentures :				
i Secured	5,009.41	-	-	-
ii Unsecured (other than falling within the meaning of public deposits)	-	-	-	-
b Deferred credits	-	-	-	-
c Term loans	13,030.97	-	973.60	-
d Inter - corporate loans and borrowings	-	-	-	-
e Commercial paper	-	-	-	-
f Public deposits	-	-	-	-
g Other Loans	7,413.49	-	-	-
<b>2 Break - up of (1) (f) above (outstanding public deposits inclusive of interest accrued thereon but not paid) :</b>				
a In the form of unsecured debentures	-	-	-	-
b In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	-	-	-	-
c Other public deposits	-	-	-	-
<b>Assets Side :</b>	<b>As at March 31, 2020</b>	<b>As at March 31, 2019</b>		
<b>3 Break - up of gross loans and advances including bills receivables (other than those included in (4) below) :</b>				
a Secured		58,913.32		7,336.61
b Unsecured		25,372.67		577.24
<b>4 Break - up of leased assets and stock on hire and other assets counting towards asset financing activities :</b>				
a Lease assets including lease rentals under sundry debtors				
i. Finance lease		-		-
ii. Operating lease		-		-
b Stock on hire including hire charges under sundry debtors				
i. Assets on hire		-		-
ii. Repossessed assets		-		-
c Other loans counting towards asset financing activities				
i. Loans where assets have been repossessed		-		-
ii. Loans other than (a) above		-		-
<b>5 Break - up of investments :</b>				
<b>Current investments</b>				
<b>a Quoted</b>				
(i) Shares				
a. Equity		-		-
b. Preference		-		-

## Notes forming part of the financial statement for the year ended 31<sup>st</sup> March 2020 (contd.)

<b>Assets Side :</b>	<b>As at March 31, 2020</b>		<b>As at March 31, 2019</b>	
(ii) Debentures and bonds		-		-
(iii) Units of mutual funds		-		-
(iv) Government securities		-		-
(v) Others		-		-
<b>5 b Unquoted</b>				
(i) Shares				
a. Equity		-		-
b. Preference		-		-
(ii) Debentures and bonds		-		-
(iii) Units of mutual funds		7,250.81		10,678.86
(iv) Government securities		-		-
(v) Others		-		-
<b>Long term investments</b>				
<b>a Quoted</b>				
(i) Shares				
a. Equity		-		-
b. Preference		-		-
(ii) Debentures and bonds		-		-
(iii) Units of mutual funds		-		-
(iv) Government securities		-		-
(v) Others		-		-
<b>b Unquoted</b>				
(i) Shares				
a. Equity		-		-
b. Preference		-		-
(ii) Debentures and bonds		-		-
(iii) Units of mutual funds		-		-
(iv) Government securities		-		-
(v) Others		-		-
<b>6 Borrower group wise classification of assets financed in (3) and (4) above (gross) :</b>	<b>As at March 31, 2020</b>		<b>As at March 31, 2019</b>	
<b>Category</b>	<b>Amount net of provisions</b>			
	<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
a Related parties **				
i. Subsidiaries	-	-	-	-
ii. Companies in the same group	-	-	-	-
iii. Other related parties	-	-	-	-
b Other than related parties	58,913.32	25,372.67	7,336.61	577.24
<b>Total</b>	<b>58,913.32</b>	<b>25,372.67</b>	<b>7,336.61</b>	<b>577.24</b>

\*\* As per accounting standard issued by ICAI.

## Notes forming part of the financial statement for the year ended 31<sup>st</sup> March 2020 (contd.)

<b>7 Investor group wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) :</b>		
Category		
1 Related parties **		
a. Subsidiaries		
b. Companies in the same group	-	-
c. Other related parties	-	-
2 Other than related parties	7,250.81	10,678.86
<b>Total</b>	<b>7,250.81</b>	<b>10,678.86</b>
** As per accounting standard issued by ICAI.		
<b>8 Other information</b>		
Particulars		
<b>a Gross non performing assets :</b>	<b>817.76</b>	<b>-</b>
i. Related parties	-	-
ii. Other than related parties	817.76	-
<b>b Net non performing assets :</b>	<b>458.08</b>	<b>-</b>
i. Related parties	-	-
ii. Other than related parties	458.08	-
<b>c Assets acquired in satisfaction of debt</b>	<b>-</b>	<b>-</b>

### ac. Provision under prudential norms of income recognition, asset classification (IRAC) :

Asset classification as per RBI norms	Asset classification as per IndAS 109	Gross carrying amount as per IndAS	Loss allowances (provisions) as required under IndAS 109	Net carrying amount	Provisions required as per IRAC norms	Difference between Ind AS 109 provisions and IRAC norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7)=(4)-(6)
<b>Performing assets</b>						
Standard	Stage 1	82,372.14	632.68	81,739.46	330.94	301.75
	Stage 2	1,820.70	52.67	1,768.03	63.01	(10.34)
<b>Non-performing assets (NPA)</b>						
Substandard	Stage 3	817.76	359.68	458.08	81.78	277.90
Doubtful - up to 1 year	Stage 3	-	-	-	-	-
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Loss	Stage 3	-	-	-	-	-
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current income recognition, asset classification and provisioning (IRAC) norms	Stage 1	593.91	2.77	591.14	-	2.77
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
<b>Total</b>	<b>Stage 1</b>	<b>82,966.05</b>	<b>635.45</b>	<b>82,330.60</b>	<b>330.94</b>	<b>304.51</b>
	<b>Stage 2</b>	<b>1,820.70</b>	<b>52.67</b>	<b>1,768.03</b>	<b>63.01</b>	<b>(10.34)</b>
	<b>Stage 3</b>	<b>817.76</b>	<b>359.68</b>	<b>458.08</b>	<b>81.78</b>	<b>277.90</b>
	<b>Total</b>	<b>85,604.51</b>	<b>1,047.80</b>	<b>84,556.71</b>	<b>475.73</b>	<b>572.07</b>

## Notes forming part of the financial statement for the year ended 31<sup>st</sup> March 2020 (contd.)

### 55. Impact of COVID 19 pandemic

- a. In assessing the recoverability of loans, receivables, intangible assets, deferred tax asset and investments, the Company has considered internal and external sources of information, including credit reports, economic forecasts and industry reports upto the date of approval of these financial results. The Company has performed sensitivity analysis on the assumptions used and based on current indicators of future economic conditions, the carrying amount of these assets represent the Company's best estimate of the recoverable amounts. The Company has estimated and recognised an additional expected credit loss of ₹ 331.00 lacs on certain financial assets, on account of the anticipated effect of the global health pandemic. As a result of the uncertainties resulting from COVID-19, the impact of this pandemic may be different from those estimated as on the date of approval of these financial results and the Company will continue to monitor any changes to the future economic conditions.
- b. **Disclosures on COVID19 Regulatory Package - Asset Classification and Provisioning, in terms of RBI circular RBI/2019-20/220/DOR.No.BP.BC.63/21.O4.O48/2020-21 dated April 17, 2020 ("RBI Circular") :**

As required under para 2 of the RBI Circular, in respect of all accounts classified as standard as on February 29, 2020, even if overdue, the moratorium period, wherever granted, shall be excluded by the lending institutions from the number of days past-due for the purpose of asset classification under the Income Recognition and Asset Classification norms ("IRAC norms").

Period	Respective amounts in SMA/overdue categories, where the moratorium/deferment was extended, in terms of paragraph 2 and 3 of RBI Circular*	Respective amount where asset classification benefits is extended	Provisions made in terms of paragraph 5 of RBI Circular	Provisions adjusted during the respective accounting periods against slippages and the residual provisions in terms of paragraph 6 of RBI Circular
Refer note below	1,211.37	1,211.37	60.57	NA

\* These include overdue accounts which would otherwise (i.e. without availing the benefit related to asset classification) have been marked as NPA as at March 31, 2020 (overdue more than 60 days as at February 29, 2020) and does not include overdue accounts that would have continued to be under standard category as at March 31, 2020.

**56 The previous year's figures have been regrouped / rearranged wherever necessary to make them comparable to current year.**

#### For and on behalf of the Board of Directors of UGRO CAPITAL LIMITED

Sd/-  
**Shachindra Nath**  
 Executive Chairman & MD  
 DIN : 00510618  
 Mumbai  
 May 20, 2020

Sd/-  
**Abhijit Ghosh**  
 Whole Time Director & CEO  
 DIN : 07935397  
 Mumbai  
 May 20, 2020

Sd/-  
**Abhijit Sen**  
 Director and Chairman -  
 Audit Committee  
 DIN : 00002593  
 Mumbai  
 May 20, 2020

Sd/-  
**Kalpeshkumar Ojha**  
 Chief Financial Officer  
 Mumbai  
 May 20, 2020

Sd/-  
**Aniket Karandikar**  
 Company Secretary  
 Mumbai  
 May 20, 2020

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Conceptualised, designed and developed by **Valorem Advisors** - [www.valoremadvisors.com](http://www.valoremadvisors.com)

## UGRO CAPITAL LIMITED

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